

# HOUSE BILL 475

Q7, C8, R2

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CF SB 285

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By: **The Speaker (By Request – Administration) and Delegates Bartlett, Bobo, Bronrott, Cane, Carr, V. Clagett, Davis, Donoghue, Doory, Eckardt, Elmore, Frush, Gaines, Haddaway, Hammen, Healey, Jones, Kullen, Lafferty, McIntosh, Morhaim, Nathan–Pulliam, Proctor, Ramirez, Rice, and Stein**

Introduced and read first time: January 29, 2010

Assigned to: Ways and Means and Environmental Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Smart, Green, and Growing – The Sustainable Communities Act of 2010**

3 FOR the purpose of stating certain findings and the intent of the General Assembly  
4 concerning sustainable communities; providing for the designation of certain  
5 areas as sustainable communities eligible for certain programs; altering the  
6 criteria to consider a sustainable community area; authorizing the Smart  
7 Growth Subcabinet to designate sustainable communities and approve  
8 sustainable community plans; abolishing certain boards; authorizing the  
9 Secretary of Housing and Community Development to administer the  
10 Community Legacy Program and to take certain actions; repealing certain  
11 authority for certain political subdivisions to approve a designated  
12 neighborhood for certain purposes under certain circumstances; requiring the  
13 Department of Transportation to consider sustainable communities during the  
14 revisions to the Consolidated Transportation Program; requiring the  
15 Department of Transportation to consult with the Smart Growth Subcabinet  
16 concerning sustainable communities; altering certain authority of the Secretary  
17 of Transportation to designate certain facilities, structures, and uses as  
18 transit-oriented development for certain purposes; authorizing the Department  
19 of Transportation to exercise certain powers with respect to sustainable  
20 communities; requiring the Secretary of Business and Economic Development to  
21 receive a recommendation of the Smart Growth Subcabinet prior to designating  
22 a BRAC Revitalization and Incentive Zone; altering the membership of the  
23 Smart Growth Subcabinet; authorizing the Smart Growth Subcabinet to work  
24 on sustainable communities, make certain recommendations, and certify certain  
25 local jurisdictions for certain purposes; reestablishing and altering the  
26 Maryland Heritage Structure Rehabilitation Tax Credit Program to be the  
27 Sustainable Communities Tax Credit Program; providing a certain tax credit for

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 rehabilitation of certain properties; requiring the Director of the Maryland  
2 Historical Trust to adopt certain regulations; providing limits on the amount of  
3 tax credits for certain purposes; providing for an additional credit if a certain  
4 rehabilitation meets a certain high performance building standard; providing  
5 for the issuance of credit certificates for certain rehabilitations, subject to  
6 certain requirements and limitations; providing certain limits on the amount of  
7 the credit that may be claimed for certain rehabilitations; authorizing the  
8 Director to charge a certain fee for certain purposes; prohibiting the Director  
9 from issuing credit certificates that exceed a certain amount; prohibiting the  
10 Director from issuing certain credit certificates before a certain date or after a  
11 certain date; establishing the Maryland Department of Planning Sustainable  
12 Communities Tax Credit Administration Fund; providing for amended tax  
13 returns under certain circumstances; authorizing the allocation of the credit in  
14 a certain manner; providing for certain determinations by the Comptroller;  
15 providing for certain reporting requirements; providing for the recapture of the  
16 credit under certain circumstances; providing for the termination of the  
17 Sustainable Communities Tax Credit Program; requiring certain funds in the  
18 Heritage Structure Rehabilitation Tax Credit Reserve Fund to revert to the  
19 General Fund on a certain date; providing for the application of certain  
20 provisions of this Act; providing for the retroactive application of a certain  
21 provision of this Act; authorizing the Comptroller to make certain  
22 determinations and adopt certain regulations; defining certain terms; and  
23 generally relating to sustainable communities.

24 BY repealing and reenacting, with amendments,  
25 Article – Economic Development  
26 Section 5–1304  
27 Annotated Code of Maryland  
28 (2008 Volume and 2009 Supplement)

29 BY adding to  
30 Article – Housing and Community Development  
31 Section 6–104  
32 Annotated Code of Maryland  
33 (2006 Volume and 2009 Supplement)

34 BY repealing and reenacting, with amendments,  
35 Article – Housing and Community Development  
36 Section 6–201, 6–202, 6–204 through 6–211, 6–213, 6–301, 6–303, 6–304, and  
37 6–306  
38 Annotated Code of Maryland  
39 (2006 Volume and 2009 Supplement)

40 BY repealing  
41 Article – Housing and Community Development  
42 Section 6–203, 6–212, and 6–305  
43 Annotated Code of Maryland  
44 (2006 Volume and 2009 Supplement)

- 1 BY adding to  
2 Article – State Finance and Procurement  
3 Section 5–901 through 5–911 to be under the new subtitle “Subtitle 9.  
4 Sustainable Communities Tax Credit Program”  
5 Annotated Code of Maryland  
6 (2009 Replacement Volume)
- 7 BY repealing and reenacting, with amendments,  
8 Article – State Government  
9 Section 9–1406(b)(12) and (13) and (h)  
10 Annotated Code of Maryland  
11 (2009 Replacement Volume)
- 12 BY adding to  
13 Article – State Government  
14 Section 9–1406(b)(14) through(16)  
15 Annotated Code of Maryland  
16 (2009 Replacement Volume)
- 17 BY adding to  
18 Article – Transportation  
19 Section 2–701 through 2–703 to be under the new subtitle “Subtitle 7.  
20 Sustainable Communities”  
21 Annotated Code of Maryland  
22 (2008 Replacement Volume and 2009 Supplement)
- 23 BY repealing and reenacting, with amendments,  
24 Article – Transportation  
25 Section 7–101(m)  
26 Annotated Code of Maryland  
27 (2008 Replacement Volume and 2009 Supplement)
- 28 BY repealing and reenacting, with amendments,  
29 Article – Insurance  
30 Section 6–105.2  
31 Annotated Code of Maryland  
32 (2003 Replacement Volume and 2009 Supplement)
- 33 BY repealing and reenacting, with amendments,  
34 Article – Tax – General  
35 Section 10–704.5  
36 Annotated Code of Maryland  
37 (2004 Replacement Volume and 2009 Supplement)
- 38 BY repealing and reenacting, with amendments, and transferring to the Session Laws  
39 Article – State Finance and Procurement  
40 Section 5A–303

1 Annotated Code of Maryland  
2 (2009 Replacement Volume)

3 Preamble

4 WHEREAS, In June 2009, the Obama Administration announced a new  
5 interagency partnership on sustainable communities between the Department of  
6 Transportation, the Department Housing and Urban Development, and the  
7 Environmental Protection Agency; and

8 WHEREAS, An early action by the federal interagency partnership announced  
9 a set of Livability Principles to guide future federal investments, policy development,  
10 and programs towards the creation of sustainable communities; and

11 WHEREAS, In the Obama Administration's Fiscal Year 2010 Budget  
12 submission and in the current funding bills before Congress, \$150 million is provided  
13 to the federal Department of Housing and Urban Development to award grants to  
14 communities for more integrated regional planning and sustainability projects; and

15 WHEREAS, A number of studies, reports, and articles by organizations  
16 including the Environmental Protection Agency have found that one of the keys to  
17 revitalizing and maintaining the character of town centers and preserving  
18 surrounding agricultural land in small and rural communities is the promotion of  
19 integrated housing, historic preservation, economic, and transportation development  
20 in town centers; and

21 WHEREAS, As resources, both natural and financial, become more scarce, there  
22 is a need for more integrated thinking about how transportation, land use, and  
23 housing programs all intersect with environmental, economic, and equity goals at the  
24 State level; and

25 WHEREAS, The State of Maryland has several programs that are focused on  
26 revitalizing communities and have operated independently of each other to achieve  
27 similar but slightly different policy goals; and

28 WHEREAS, These revitalization programs can be better coordinated and  
29 targeted to achieve investment in housing, historic preservation, economic growth, and  
30 transportation development in existing neighborhoods and town centers; now,  
31 therefore,

32 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
33 MARYLAND, That the Laws of Maryland read as follows:

34 **Article – Economic Development**

35 5–1304.

1 (a) (1) Within 60 days after a submission date, the Secretary, **AFTER**  
2 **RECEIVING A RECOMMENDATION OF THE SMART GROWTH SUBCABINET**, may  
3 designate one or more BRAC Revitalization and Incentive Zones from among the areas  
4 described in the applications timely submitted.

5 (2) The designation of an area as a BRAC Revitalization and Incentive  
6 Zone is effective for 10 years, beginning on the date the first property in the BRAC  
7 Revitalization and Incentive Zone becomes a qualified property, as defined in § 2–222  
8 of the Tax – Property Article.

9 (3) The Secretary may not designate more than six BRAC  
10 Revitalization and Incentive Zones in a calendar year.

11 (4) A county may not receive more than two BRAC Revitalization and  
12 Incentive Zones.

13 (5) The precise location and boundaries of a BRAC Revitalization and  
14 Incentive Zone may be determined only on application to and approval by the  
15 Secretary.

16 (b) [Before designating a BRAC Revitalization and Incentive Zone, the  
17 Secretary shall consult with the following cabinet secretaries or their respective  
18 designees:

19 (1) the Secretary of Transportation;

20 (2) the Secretary of Housing and Community Development;

21 (3) the Secretary of the Environment; and

22 (4) the Secretary of Planning.

23 (c)] The designation of the Secretary is final.

24 [(d)] (C) At any time, a political subdivision may reapply to the Secretary to  
25 designate as a BRAC Revitalization and Incentive Zone an area that is not designated.

26 [(e)] (D) (1) This subsection applies only to a political subdivision that is  
27 authorized under § 7–211.3 of the Tax – Property Article to enter into a payment in  
28 lieu of tax agreement with a private developer for federal enclave property.

29 (2) The Secretary may not designate a BRAC Revitalization and  
30 Incentive Zone in a county until, in the judgment of the Secretary, the political  
31 subdivision has entered into good faith negotiations for a payment in lieu of tax  
32 agreement with all private developers of federal enclave property.

33 **Article – Housing and Community Development**

1 **6-104.**

2 **(A) (1) THE GENERAL ASSEMBLY FINDS THAT THE STATE MUST**  
3 **HAVE SUSTAINABLE COMMUNITIES IN ORDER TO:**

4 **(I) PRESERVE AND PROTECT THE STATE'S NATURAL**  
5 **RESOURCES; AND**

6 **(II) ACHIEVE THE STATE'S ECONOMIC GROWTH, RESOURCE**  
7 **PROTECTION, AND PLANNING POLICY IN § 5-7A-01 OF THE STATE FINANCE AND**  
8 **PROCUREMENT ARTICLE.**

9 **(2) THE GENERAL ASSEMBLY FINDS THAT SUSTAINABLE**  
10 **COMMUNITIES ARE PLACES WHERE PUBLIC AND PRIVATE INVESTMENTS AND**  
11 **PARTNERSHIPS ACHIEVE:**

12 **(I) DEVELOPMENT OF A HEALTHY LOCAL ECONOMY;**

13 **(II) PROTECTION AND APPRECIATION OF HISTORIC AND**  
14 **CULTURAL RESOURCES;**

15 **(III) A MIX OF LAND USES;**

16 **(IV) AFFORDABLE AND SUSTAINABLE HOUSING AND JOB**  
17 **OPTIONS; AND**

18 **(V) GROWTH AND DEVELOPMENT PRACTICES THAT**  
19 **PROTECT THE ENVIRONMENT AND CONSERVE AIR, WATER, AND ENERGY**  
20 **RESOURCES, ENCOURAGE WALKABILITY AND RECREATIONAL OPPORTUNITIES,**  
21 **AND, WHERE AVAILABLE, CREATE ACCESS TO TRANSIT.**

22 **(B) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE**  
23 **COMMUNITY LEGACY AND DESIGNATED NEIGHBORHOOD PROGRAMS:**

24 **(1) BE USED TO CREATE, ENHANCE, SUPPORT, AND REVITALIZE**  
25 **SUSTAINABLE COMMUNITIES ACROSS THE STATE; AND**

26 **(2) BE COORDINATED WITH OTHER STATE PROGRAMS, SUCH AS**  
27 **THE SUSTAINABLE COMMUNITIES TAX CREDIT PROGRAM ESTABLISHED UNDER**  
28 **TITLE 5, SUBTITLE 9 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, IN**  
29 **ORDER TO MAXIMIZE THE STATE'S INVESTMENT IN SUSTAINABLE**  
30 **COMMUNITIES.**

1 6–201.

2 (a) In this subtitle the following words have the meanings indicated.

3 (b) “Application” means an application to the [Board] **SECRETARY** that  
4 includes a request to:

5 (1) designate an area as a **SUSTAINABLE** community [legacy area];

6 (2) approve a **SUSTAINABLE** community [legacy] plan; or

7 (3) approve a community legacy project.

8 (c) [“Board” means the Community Legacy Board.

9 (d) [“Community development financial institution” has the meaning stated  
10 in 12 U.S.C. § 4702.

11 [(e)] **(D)** “Community development organization” means an entity that  
12 meets the qualifications of § [6–204] **6–203** of this subtitle.

13 [(f)] **(E)** “Community legacy agreement” means an agreement between the  
14 Department and a sponsor to develop a **SUSTAINABLE** community [legacy] plan or to  
15 implement one or more community legacy projects in a designated **SUSTAINABLE**  
16 community [legacy area].

17 [(g) “Community legacy area” means the part of a priority funding area that:

18 (1) as determined by the Board, satisfies the requirements of § 6–206  
19 of this subtitle; or

20 (2) has been designated as a BRAC Revitalization and Incentive Zone  
21 under Title 5, Subtitle 13 of the Economic Development Article.

22 (h) “Community legacy plan” means a plan consisting of one or more  
23 community legacy projects to prevent or reverse the decline of or disinvestment in a  
24 community legacy area through improvements in residential, commercial, or other  
25 public or private properties.]

26 [(i)] **(F)** “Community legacy project” includes projects to:

27 (1) create, improve, or preserve housing opportunities by acquiring,  
28 constructing, rehabilitating, or improving new or existing residential properties;

29 (2) demolish buildings or improvements strategically to enhance the  
30 use of land;

1 (3) create, improve, or preserve commercial or mixed-use  
2 development, including an appropriate combination of properties related to business,  
3 housing, open-space, and institutional uses;

4 (4) develop public infrastructure that is incidental to the  
5 implementation of a community legacy project, such as streets, parking, public  
6 utilities, landscaping, lighting, and improvements to pedestrian and bicycle  
7 circulation;

8 (5) encourage and develop cooperative ownership or control of open  
9 space;

10 (6) develop or create strategies designed to increase investment in  
11 existing communities, including outreach activities to attract business, capital,  
12 residents, and visitors and the development and maintenance of resources directly  
13 related to the development of a **SUSTAINABLE** community [legacy] plan or the  
14 implementation of a community legacy project;

15 (7) engage in landbanking or otherwise acquire or improve vacant  
16 buildings or unimproved land;

17 (8) provide financial assistance for neighborhood intervention projects;  
18 or

19 (9) develop other plans or implement other projects as the [Board]  
20 **DEPARTMENT** considers necessary to further the purposes of this subtitle.

21 [(j)] (G) “Financial assistance” includes:

22 (1) a grant;

23 (2) a loan;

24 (3) a reduction in the principal obligation of or rate of interest payable  
25 on a loan or portion of a loan;

26 (4) a prepayment of interest on a subordinate or superior loan or  
27 portion of a loan;

28 (5) an assurance;

29 (6) a guarantee; or

30 (7) any other form of credit enhancement.

31 [(k)] (H) “Landbanking” means acquiring or holding improved and



1 unimproved property:

2 (1) in anticipation of future development of the property; or

3 (2) to keep the future use of the property and improvements  
4 affordable.

5 **[(1)] (I)** “Priority funding area” means an area designated as a priority  
6 funding area under § 5–7B–02 of the State Finance and Procurement Article.

7 **[(m)] (J)** “Program” means the Community Legacy Program established by  
8 this subtitle.

9 **(K) “SMART GROWTH SUBCABINET” MEANS THE SUBCABINET**  
10 **ESTABLISHED UNDER § 9–1406 OF THE STATE GOVERNMENT ARTICLE.**

11 **(L) “SUSTAINABLE COMMUNITY” MEANS THE PART OF A PRIORITY**  
12 **FUNDING AREA THAT:**

13 **(1) AS DETERMINED BY THE SMART GROWTH SUBCABINET,**  
14 **SATISFIES THE REQUIREMENTS OF § 6–205 OF THIS SUBTITLE;**

15 **(2) HAS BEEN DESIGNATED AS A BRAC REVITALIZATION AND**  
16 **INCENTIVE ZONE UNDER TITLE 5, SUBTITLE 13 OF THE ECONOMIC**  
17 **DEVELOPMENT ARTICLE; OR**

18 **(3) HAS BEEN DESIGNATED A TRANSIT–ORIENTED DEVELOPMENT**  
19 **UNDER § 7–101 OF THE TRANSPORTATION ARTICLE.**

20 **(M) “SUSTAINABLE COMMUNITY PLAN” MEANS A PLAN CONSISTING OF**  
21 **ONE OR MORE COMMUNITY LEGACY PROJECTS OR OTHER REVITALIZATION**  
22 **PROJECTS TO PREVENT OR REVERSE THE DECLINE OF OR DISINVESTMENT IN A**  
23 **SUSTAINABLE COMMUNITY THROUGH IMPROVEMENTS IN RESIDENTIAL,**  
24 **COMMERCIAL, OR OTHER PUBLIC OR PRIVATE PROPERTIES.**

25 6–202.

26 (a) There is a Community Legacy Program.

27 (b) The Department [and the Board] shall administer the Program.

28 (c) The purposes of the Program are to:

29 (1) preserve existing communities as desirable places to live and  
30 conduct business to reduce outward pressure for sprawl development; and

1 (2) provide financial assistance to sponsors or their designees to  
2 develop **SUSTAINABLE** community [legacy] plans or community legacy projects.

3 (d) The Program shall encourage partnerships among the federal  
4 government, the State government, political subdivisions, and community  
5 development organizations to develop and implement **SUSTAINABLE** community  
6 [legacy] plans and community legacy projects.

7 (e) A **SUSTAINABLE** community [legacy] plan or a community legacy project  
8 may be sponsored by a political subdivision, a group of political subdivisions, a  
9 community development organization, or a community development financial  
10 institution.

11 [6-203.

12 (a) There is a Community Legacy Board.

13 (b) The Board consists of the following five members:

14 (1) the Secretary of Housing and Community Development;

15 (2) the Secretary of Natural Resources;

16 (3) the Secretary of Planning;

17 (4) the Secretary of Transportation; and

18 (5) the Governor's Special Secretary for Smart Growth.

19 (c) The Secretary of Housing and Community Development is the chair of  
20 the Board.

21 (d) The Department shall provide staff to the Board.

22 (e) The Board may:

23 (1) exercise all powers necessary to carry out this subtitle; and

24 (2) recommend to the Secretary the adoption of regulations.]

25 [6-204.] **6-203.**

26 A corporation, foundation, or other legal entity qualifies as a community  
27 development organization if:

28 (1) its purpose is to improve the physical, economic, or social  
29 environment of the area where it operates; and



1 (7) the process used to seek and receive public input on the proposed  
2 **SUSTAINABLE** community [legacy] plan or community legacy project, including the  
3 nature and extent of public support or opposition.

4 (c) [Except as provided in subsection (d) of this section, a community legacy  
5 plan or a community legacy project does not take effect until its sponsor has submitted  
6 to the Board an application for its approval and the Board has approved it] **THE**  
7 **SMART GROWTH SUBCABINET, ON THE RECOMMENDATION OF THE SECRETARY,**  
8 **MAY DESIGNATE AN AREA AS A SUSTAINABLE COMMUNITY OR MAY APPROVE A**  
9 **SUSTAINABLE COMMUNITY PLAN.**

10 [(d) The Secretary may approve a community legacy project without the  
11 approval of the Board in the case of an emergency or when the project requires urgent  
12 approval if the project is funded from the reserve established under § 6-213(h) of this  
13 subtitle.]

14 **[6-206.] 6-205.**

15 (A) The [Board] **SMART GROWTH SUBCABINET** may designate an area as a  
16 **SUSTAINABLE** community [legacy area] if the sponsor demonstrates that past and  
17 current trends in homeownership, property values, commercial and residential  
18 vacancy, and business or housing investment show a need for reinvestment in the area  
19 and if:

20 (1) entities in the community, such as **LOCAL GOVERNMENTS,**  
21 employers, educational institutions, civic organizations, community organizations, or  
22 cultural organizations, support the proposed **SUSTAINABLE** community [legacy] plan  
23 [or community legacy project] and have pledged resources to develop or implement it;

24 (2) the proposed **SUSTAINABLE** community [legacy] plan [or  
25 community legacy project] addresses the need for reinvestment in the area and will  
26 enhance the area, and give individuals of different incomes a range of housing options,  
27 employment opportunities, and other amenities;

28 (3) a community in the proposed area is culturally or historically  
29 significant;

30 (4) the proposed area is near a town center or a transportation center;  
31 [or]

32 (5) the proposed **SUSTAINABLE** community [legacy] plan [or  
33 community legacy project] is consistent with and complements other existing or  
34 proposed projects for housing, commercial or community development, education,  
35 historic preservation, neighborhood revitalization, transportation, or other things  
36 significant to the comprehensive enhancement of the community;

1           **(6) THERE IS A DEMONSTRATED NEED FOR FINANCING**  
2 **ASSISTANCE FOR SMALL BUSINESSES, NONPROFIT ORGANIZATIONS, OR**  
3 **MICROENTERPRISES; OR**

4           **(7) OTHER STANDARDS THAT THE DEPARTMENT CONSIDERS**  
5 **RELEVANT AS SET FORTH IN REGULATIONS, INCLUDING STANDARDS**  
6 **ESTABLISHED FOR OTHER STATE OR FEDERAL PROGRAMS.**

7           **(B) (1) TO MAINTAIN A SUSTAINABLE COMMUNITY DESIGNATION,**  
8 **EVERY 5 YEARS A SPONSOR SHALL FILE AN UPDATED PLAN AND APPLICATION**  
9 **FOR APPROVAL BY THE SMART GROWTH SUBCABINET UNDER § 6-204 OF THIS**  
10 **SUBTITLE.**

11           **(2) THE SMART GROWTH SUBCABINET MAY REDESIGNATE AN**  
12 **AREA AS A SUSTAINABLE COMMUNITY TAKING INTO CONSIDERATION THE**  
13 **FACTORS IN SUBSECTION (A) OF THIS SECTION.**

14 **[6-207.] 6-206.**

15           (a) The [Board] **DEPARTMENT** shall:

16                   (1) review each application and may request more information from  
17 the sponsor;

18                   (2) accept public input on each application;

19                   (3) submit each application to appropriate State units and  
20 **APPROPRIATE MEMBERS OF THE SMART GROWTH SUBCABINET;**

21                   (4) consider any recommendation a State unit **OR MEMBER OF THE**  
22 **SMART GROWTH SUBCABINET** makes;

23                   **[(4)] (5)** consider geographic balance when reviewing applications;  
24 **AND**

25                   **[(5)] (6)** give priority in awarding financial assistance to applicants  
26 that are likely to repay the financial assistance to a community development financial  
27 institution or to the Community Legacy Financial Assistance Fund[; and

28                   (6) refer to the Secretary each application that it approves].

29           (b) (1) The [Board] **DEPARTMENT** may not approve an application unless  
30 the political subdivision in which the proposed project is located approves the  
31 application by resolution.

1           (2) If an application affects a **SUSTAINABLE** community [legacy area]  
2 entirely within a municipal corporation, the approval must come from the municipal  
3 corporation rather than the surrounding county.

4           (3) If an application affects a **SUSTAINABLE** community [legacy area]  
5 within more than one political subdivision, each political subdivision must approve it  
6 by resolution.

7           (c) The Secretary shall award financial assistance to a sponsor or a sponsor's  
8 designee:

9           (1) in the amount and of the type that the [Board] **SECRETARY**  
10 determines; and

11           (2) under the terms of a community legacy agreement.

12 **[6-208.] 6-207.**

13           (a) The Department and the sponsor shall execute a community legacy  
14 agreement.

15           (b) The sponsor shall comply with the terms of the community legacy  
16 agreement and any regulations the Department adopts to carry out this subtitle.

17           (c) Not more than 15% of the total financial assistance that the Program  
18 provides may be used for noncapital expenditures.

19           (d) The Department may exercise any remedy provided under the community  
20 legacy agreement or by law if a sponsor:

21           (1) violates any provision of the community legacy agreement; or

22           (2) ceases to meet the requirements of this subtitle.

23 **[6-209.] 6-208.**

24           (a) Subject to this section, the Department has the powers necessary or  
25 desirable to implement the Program.

26           (b) (1) The Department may determine the terms and conditions for  
27 financial assistance awarded under § [6-207(c)] **6-206(C)** of this subtitle.

28           (2) Financial assistance may be secured by a mortgage, lien, or  
29 security interest that is superior to or subordinate to other mortgages, liens, or  
30 security interests.

1                   (3)    The Department may establish time limits for the use of financial  
2 assistance.

3                   (c)    (1)    The Department may enforce the terms and conditions of the  
4 financial assistance given under this subtitle.

5                   (2)    Notwithstanding any other law, if a loan or grant is secured by a  
6 first or subordinate mortgage or other lien, the Department may:

7                               (i)    begin an action to protect or enforce any right given by law,  
8 a contract, or other agreement;

9                               (ii)   foreclose on property;

10                              (iii)   purchase property at any foreclosure or other sale, or  
11 acquire or take possession of the property through conveyance in lieu of foreclosure or  
12 otherwise, and convey property after acquiring it;

13                              (iv)   settle or compromise any debt or obligation owed to the  
14 Department;

15                              (v)   pay the principal of and interest on any obligation incurred  
16 in connection with the property, and dispose of or otherwise deal with the property to  
17 protect the interests of the Program; or

18                              (vi)   release or sell any mortgage, obligation, or property that the  
19 Department holds at public or private sale, with or without public bidding.

20                   (d)    (1)    The Department may contract with any person, including a private  
21 property manager, mortgage servicer, architect, engineer, or other property  
22 consultant, or with any governmental unit, for property or services necessary to  
23 operate the Program or to implement community legacy projects.

24                              (2)    The Department may make agreements with other governmental  
25 units to establish partnerships to carry out the Program.

26                              (3)    The Department may contract for and accept any grant,  
27 contribution, or loan of money, property, or other aid from the federal government and  
28 may do all things consistent with this subtitle to qualify for the aid or participate in or  
29 administer a federal program.

30                   (e)    In connection with loans that it makes, the Department may:

31                              (1)    require and obtain appraisals, credit information, and other  
32 pertinent information; and

33                              (2)    charge interest.

1 (f) When it is consistent with the best interests of the State to do so, the  
2 Department may consent to the modification of any provision of any loan or other  
3 financial assistance.

4 **[6-210.] 6-209.**

5 (a) The purposes of a neighborhood intervention project are to provide  
6 financial assistance for:

7 (1) buying properties that need rehabilitation and redeveloping the  
8 properties through rehabilitation, demolition, reconstruction, or re-use; or

9 (2) demolishing property improvements and preparing property for  
10 revitalization, redevelopment, or re-use.

11 (b) To be eligible for financial assistance for a neighborhood intervention  
12 project, an applicant shall be:

13 (1) a political subdivision; or

14 (2) a community development finance institution.

15 (c) To be eligible for financial assistance, the applicant must provide  
16 evidence at the time of application that:

17 (1) the applicant has a legal interest in the property through:

18 (i) ownership of the property;

19 (ii) a contract, option, or other legal right to acquire the  
20 property; or

21 (iii) the right to demolish the improvements on the property;

22 (2) the applicant intends to revitalize, redevelop, sell, or re-use the  
23 property as part of a redevelopment strategy for the property or a redevelopment plan;

24 (3) the applicant has complied with the requirements of §§ 5A-325  
25 and 5A-326 of the State Finance and Procurement Article and § 13-1112(b) of the  
26 Financial Institutions Article;

27 (4) the financial assistance from the Program is the least amount  
28 necessary to complete the project; and

29 (5) the project meets any other condition that the [Board]  
30 DEPARTMENT may require under this subtitle.



1 (d) Unless waived by [the Board or] the Secretary [acting under subsection  
2 (f) of this section], a neighborhood intervention project shall meet the additional  
3 following requirements:

4 (1) the project shall be located in a **SUSTAINABLE** community [legacy  
5 area] and be a part of a **SUSTAINABLE** community [legacy] plan in accordance with §§  
6 [6–205(b)(1) and 6–206] **6–204(B)(1) AND 6–205** of this subtitle; and

7 (2) for a project under subsection (a)(2) of this section, the applicant  
8 shall agree to repay the financial assistance to the Community Legacy Financial  
9 Assistance Fund, up to the amount the applicant receives from:

10 (i) the net proceeds of the sale of the property on which the  
11 demolition took place; or

12 (ii) any payment to the applicant relating to the property,  
13 including any payment for the costs of demolishing the improvements on the property.

14 (e) (1) The [Board] **SECRETARY** may not allocate annually more than  
15 15% of the Community Legacy Financial Assistance Fund to neighborhood  
16 intervention projects.

17 (2) The [Board] **SECRETARY** may not award more than \$500,000 for  
18 any neighborhood intervention project.

19 (3) The restrictions in paragraphs (1) and (2) of this subsection do not  
20 apply to projects approved by the Secretary [under subsection (f) of this section.

21 (f) The Secretary may approve a neighborhood intervention project without  
22 the approval of the Board] in the case of an emergency or when the project requires  
23 urgent approval if the project is funded from the reserve established under  
24 § [6–213(h)] **6–211(H)** of this subtitle.

25 **[6–211.] 6–210.**

26 (a) The sponsor shall submit to the [Board] **DEPARTMENT** quarterly  
27 progress reports on the development of a **SUSTAINABLE** community [legacy] plan or  
28 the implementation of a community legacy project.

29 (b) (1) The [Board] **DEPARTMENT** shall submit an annual report to the  
30 Governor and, subject to § 2–1246 of the State Government Article, to the General  
31 Assembly on or before each October 31.

32 (2) The report shall include:

1 (i) the financial status of the Program for the preceding fiscal  
2 year, including the amount and type of financial assistance encumbered and  
3 disbursed;

4 (ii) the number of applications received;

5 (iii) the number and location of [community legacy areas]  
6 SUSTAINABLE COMMUNITIES designated; and

7 (iv) a summary of the quarterly reports submitted by sponsors  
8 under subsection (a) of this section.

9 [6-212.

10 (a) There is an Advisory Committee to the Board.

11 (b) The Committee shall:

12 (1) make recommendations to the Board concerning community legacy  
13 areas, community legacy plans, and community legacy projects; and

14 (2) consider the matters that the Board requests.

15 (c) (1) The Committee consists of the following 11 members appointed by  
16 the Governor:

17 (i) one member to represent the Department of Business and  
18 Economic Development;

19 (ii) one member to represent the Governor's Office of Crime  
20 Control and Prevention;

21 (iii) one member to represent the Department of General  
22 Services;

23 (iv) one member to represent the State Economic Growth,  
24 Resource Protection, and Planning Commission; and

25 (v) seven members with experience and expertise in community  
26 development and preservation.

27 (2) Members with experience and expertise in community  
28 development and preservation may include representatives of political subdivisions,  
29 advocacy organizations, the business community, and the public.

30 (d) To the extent possible, the members shall reflect the geographic and  
31 ethnic diversity of the State.

- 1 (e) (1) The term of a member is 3 years.
- 2 (2) A member may not serve more than two terms consecutively.
- 3 (3) The terms of the members are staggered as required by the terms  
4 provided for members of the Committee on October 1, 2005.
- 5 (4) At the end of a term, a member continues to serve until a successor  
6 is appointed.
- 7 (5) A member who is appointed after a term has begun serves only for  
8 the rest of the term and until a successor is appointed.
- 9 (f) A member:
- 10 (1) may not receive compensation as a member of the Committee; but
- 11 (2) is entitled to reimbursement for expenses under the Standard  
12 State Travel Regulations as provided in the State budget.
- 13 (g) The Governor shall designate a chair from among the members of the  
14 Committee.
- 15 (h) The Department shall provide staff to the Committee.]
- 16 **[6-213.] 6-211.**
- 17 (a) In this section, "Fund" means the Community Legacy Financial  
18 Assistance Fund.
- 19 (b) There is a Community Legacy Financial Assistance Fund.
- 20 (c) The Fund shall be used to carry out this subtitle.
- 21 (d) (1) The Secretary shall administer the Fund in accordance with [the  
22 recommendations of the Board] **THIS SUBTITLE.**
- 23 (2) The State Treasurer shall hold and the Comptroller shall account  
24 for the Fund.
- 25 (e) The Fund is a continuing, nonlapsing special fund that is not subject to §  
26 7-302 of the State Finance and Procurement Article.
- 27 (f) The Fund consists of:
- 28 (1) money appropriated in the State budget to the Fund;

1           (2)    earnings from the investment of money in the Fund;

2           (3)    repayments and prepayments of financial assistance provided by  
3 the Program; and

4           (4)    any other money accepted for the benefit of the Fund from any  
5 governmental or private source.

6           (g)    Notwithstanding any other law, the State Treasurer may invest money in  
7 the Fund in the same way as money is invested by the State Retirement and Pension  
8 System.

9           (h)    In any fiscal year, the Secretary may hold up to 10% of the money in the  
10 Fund in reserve for emergency use or urgent projects in accordance with this subtitle.

11 6–301.

12           (a)    In this subtitle the following words have the meanings indicated.

13           **[(b)]**   “Designated neighborhood” means:

14                   (1)    an area approved as a designated neighborhood under § 6–305 of  
15 this subtitle; or

16                   (2)    an area located in a priority funding area and designated as a  
17 BRAC Revitalization and Incentive Zone under Title 5, Subtitle 13 of the Economic  
18 Development Article.]

19           **[(c)] (B)**   (1)    “Development costs” means the costs incurred to construct  
20 or rehabilitate a neighborhood business development project.

21                   (2)    “Development costs” includes the costs of:

22                           (i)    necessary studies, surveys, plans, and specifications;

23                           (ii)   architectural, engineering, or other special services,  
24 including flood plain studies, environmental audits, and critical area or wetland  
25 assessments;

26                           (iii)   land and improvements;

27                           (iv)   site preparation;

28                           (v)   construction, reconstruction, and rehabilitation;

29                           (vi)   machinery, equipment, and furnishings;

1 (vii) essential start-up operating costs, including working capital  
2 and initial occupancy expenses;

3 (viii) indemnity and surety bonds and premiums on insurance;

4 (ix) temporary relocation expenses; and

5 (x) other necessary fees.

6 **[(d)] (C)** “Fund” means the Neighborhood Business Development Fund.

7 **[(e)] (D)** “Microenterprise” means a business with not more than five  
8 employees that:

9 (1) requires not more than \$35,000 in total start-up capital; and

10 (2) does not have access to the traditional commercial banking sector.

11 **[(f)] (E)** “Program” means the Neighborhood Business Development  
12 Program.

13 **[(g)] (F)** “Project” means a neighborhood business development project that  
14 receives financial assistance from the Fund.

15 **[(h)] (G)** “Small business” means a business that qualifies as a small  
16 business under § 6–302 of this subtitle.

17 **(H) “SUSTAINABLE COMMUNITY” MEANS THE PART OF A PRIORITY**  
18 **FUNDING AREA THAT:**

19 **(1) AS DETERMINED BY THE SMART GROWTH SUBCABINET,**  
20 **SATISFIES THE REQUIREMENTS OF § 6–205 OF THIS TITLE;**

21 **(2) HAS BEEN DESIGNATED AS A BRAC REVITALIZATION AND**  
22 **INCENTIVE ZONE UNDER TITLE 5, SUBTITLE 13 OF THE ECONOMIC**  
23 **DEVELOPMENT ARTICLE; OR**

24 **(3) HAS BEEN DESIGNATED A TRANSIT-ORIENTED DEVELOPMENT**  
25 **UNDER § 7–101 OF THE TRANSPORTATION ARTICLE.**

26 6–303.

27 (a) There is a Neighborhood Business Development Program.

1 (b) The purposes of the Program are, in [designated neighborhoods]  
2 **SUSTAINABLE COMMUNITIES**, to:

3 (1) help develop, redevelop, or expand small businesses and  
4 microenterprises;

5 (2) stimulate investment by the private sector;

6 (3) invest in revitalization projects for small businesses and  
7 microenterprises; and

8 (4) stimulate political subdivisions to participate in developing and  
9 expanding small businesses and microenterprises.

10 (c) The Program includes:

11 (1) the Business Development Program; and

12 (2) the Capital Access Program.

13 6–304.

14 (a) There is a Business Development Program in the Neighborhood Business  
15 Development Program.

16 (b) The Business Development Program shall provide financial assistance to  
17 projects in [designated neighborhoods] **SUSTAINABLE COMMUNITIES**.

18 [6–305.

19 With the concurrence of the Secretary, a political subdivision may approve a  
20 designated neighborhood after considering:

21 (1) the availability, cost, and condition of business facilities;

22 (2) the age and number of abandoned structures;

23 (3) the age and number of substandard structures;

24 (4) the income of residents relative to State or regional median  
25 incomes, including the number of welfare recipients;

26 (5) the extent of unemployment and the availability of jobs for  
27 residents;

28 (6) the need for financing for small businesses, nonprofit  
29 organizations, or microenterprises to upgrade social and economic conditions;

1           (7) the development or redevelopment strategy of the political  
2 subdivision for the area and any plans, or financial commitment to undertake  
3 improvements there; and

4           (8) other standards that the Department considers relevant as set  
5 forth in regulations, including standards established for other State or federal  
6 programs.】

7 6–306.

8           (a) (1) A small business, nonprofit organization, or microenterprise may  
9 apply for financial assistance under the Business Development Program.

10           (2) The Department shall review each application.

11           (b) An applicant may qualify for financial assistance for a project in a  
12 [designated neighborhood] **SUSTAINABLE COMMUNITY** if the application  
13 demonstrates that:

14           (1) the project has significant commitments for financing from other  
15 private and nonState public sources that are sufficient to complete the project with the  
16 money from the Fund;

17           (2) the financial assistance from the Fund is the minimum amount  
18 necessary to make the project financially feasible;

19           (3) the project is ready to proceed when it receives financial assistance  
20 from the Business Development Program; and

21           (4) the political subdivision has adopted a resolution, or its authorized  
22 designee has delivered a letter to the Business Development Program, that expresses  
23 support for the project.

24           (c) Financial assistance under the Business Development Program may be  
25 provided to a small business, nonprofit organization, or microenterprise as:

26           (1) a grant;

27           (2) a loan;

28           (3) a reduction in the principal obligation of or interest rate on a loan  
29 or portion of a loan;

30           (4) a prepayment of interest on a subordinate or superior loan or  
31 portion of a loan;

- 1 (5) an assurance;
- 2 (6) a guarantee; or
- 3 (7) any other form of credit enhancement.

4 **Article – State Finance and Procurement**

5 **SUBTITLE 9. SUSTAINABLE COMMUNITIES TAX CREDIT PROGRAM.**

6 **5–901.**

7 **(A) (1) THE GENERAL ASSEMBLY FINDS THAT THE STATE MUST**  
8 **HAVE SUSTAINABLE COMMUNITIES IN ORDER TO:**

9 **(I) PRESERVE AND PROTECT THE STATE’S NATURAL**  
10 **RESOURCES; AND**

11 **(II) ACHIEVE THE STATE’S ECONOMIC GROWTH, RESOURCE**  
12 **PROTECTION, AND PLANNING POLICY IN § 5–7A–01 OF THIS TITLE.**

13 **(2) THE GENERAL ASSEMBLY FINDS THAT SUSTAINABLE**  
14 **COMMUNITIES ARE PLACES WHERE PUBLIC AND PRIVATE INVESTMENTS AND**  
15 **PARTNERSHIPS ACHIEVE:**

16 **(I) DEVELOPMENT OF A HEALTHY LOCAL ECONOMY;**

17 **(II) PROTECTION AND APPRECIATION OF HISTORIC AND**  
18 **CULTURAL RESOURCES;**

19 **(III) A MIX OF LAND USES;**

20 **(IV) AFFORDABLE AND SUSTAINABLE HOUSING AND JOB**  
21 **OPTIONS; AND**

22 **(V) GROWTH AND DEVELOPMENT PRACTICES THAT**  
23 **PROTECT THE ENVIRONMENT AND CONSERVE AIR, WATER, AND ENERGY**  
24 **RESOURCES, ENCOURAGE WALKABILITY AND RECREATIONAL OPPORTUNITIES,**  
25 **AND WHERE AVAILABLE, CREATE ACCESS TO TRANSIT.**

26 **(B) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE**  
27 **SUSTAINABLE COMMUNITIES TAX CREDIT PROGRAM:**



1           (1) BE USED TO CREATE, ENHANCE, SUPPORT, AND REVITALIZE  
2 SUSTAINABLE COMMUNITIES ACROSS THE STATE; AND

3           (2) BE COORDINATED WITH OTHER STATE PROGRAMS, SUCH AS  
4 THE COMMUNITY LEGACY AND NEIGHBORHOOD BUSINESS DEVELOPMENT  
5 PROGRAMS ESTABLISHED UNDER TITLE 6 OF THE HOUSING AND COMMUNITY  
6 DEVELOPMENT ARTICLE, IN ORDER TO MAXIMIZE THE STATE'S INVESTMENT IN  
7 SUSTAINABLE COMMUNITIES.

8 **5-902.**

9           (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
10 INDICATED.

11           (B) "BUSINESS ENTITY" MEANS:

12           (1) A PERSON CONDUCTING OR OPERATING A TRADE OR  
13 BUSINESS IN THE STATE; OR

14           (2) AN ORGANIZATION OPERATING IN MARYLAND THAT IS  
15 EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE  
16 CODE.

17           (C) "CERTIFIED HERITAGE AREA" HAS THE MEANING STATED IN §  
18 13-1101 OF THE FINANCIAL INSTITUTIONS ARTICLE.

19           (D) (1) "CERTIFIED HISTORIC STRUCTURE" MEANS A STRUCTURE  
20 THAT IS LOCATED IN THE STATE AND IS:

21                   (I) LISTED IN THE NATIONAL REGISTER OF HISTORIC  
22 PLACES;

23                   (II) DESIGNATED AS A HISTORIC PROPERTY UNDER LOCAL  
24 LAW AND DETERMINED BY THE DIRECTOR TO BE ELIGIBLE FOR LISTING ON THE  
25 NATIONAL REGISTER OF HISTORIC PLACES;

26                   (III) 1. LOCATED IN A HISTORIC DISTRICT LISTED ON THE  
27 NATIONAL REGISTER OF HISTORIC PLACES OR IN A LOCAL HISTORIC DISTRICT  
28 THAT THE DIRECTOR DETERMINES IS ELIGIBLE FOR LISTING ON THE NATIONAL  
29 REGISTER OF HISTORIC PLACES; AND

30                           2. CERTIFIED BY THE DIRECTOR AS CONTRIBUTING  
31 TO THE SIGNIFICANCE OF THE DISTRICT; OR

1                   (IV) LOCATED IN A CERTIFIED HERITAGE AREA AND  
2 CERTIFIED BY THE MARYLAND HERITAGE AREAS AUTHORITY AS  
3 CONTRIBUTING TO THE SIGNIFICANCE OF THE CERTIFIED HERITAGE AREA.

4                   (2) “CERTIFIED HISTORIC STRUCTURE” DOES NOT INCLUDE A  
5 STRUCTURE THAT IS OWNED BY THE STATE, A POLITICAL SUBDIVISION OF THE  
6 STATE, OR THE FEDERAL GOVERNMENT.

7                   (E) “CERTIFIED REHABILITATION” MEANS A COMPLETED  
8 REHABILITATION OF:

9                   (1) A CERTIFIED HISTORIC STRUCTURE THAT THE DIRECTOR  
10 CERTIFIES IS A SUBSTANTIAL REHABILITATION IN CONFORMANCE WITH THE  
11 REHABILITATION STANDARDS OF THE UNITED STATES SECRETARY OF THE  
12 INTERIOR; OR

13                   (2) A QUALIFIED REHABILITATED STRUCTURE.

14                   (F) “COMMERCIAL REHABILITATION” MEANS A REHABILITATION OF A  
15 STRUCTURE OTHER THAN A SINGLE-FAMILY, OWNER-OCCUPIED RESIDENCE.

16                   (G) “DIRECTOR” MEANS THE DIRECTOR OF THE MARYLAND  
17 HISTORICAL TRUST.

18                   (H) “FINANCIAL ASSISTANCE” MEANS ACTION BY THE STATE OR A  
19 STATE UNIT TO AWARD GRANTS, LOANS, LOAN GUARANTEES, OR INSURANCE TO  
20 A PUBLIC OR PRIVATE ENTITY TO FINANCE, WHOLLY OR PARTLY, A PROJECT  
21 THAT INVOLVES OR MAY RESULT IN BUILDING CONSTRUCTION, BUILDING  
22 ALTERATION, OR LAND DISTURBANCE.

23                   (I) “HIGH PERFORMANCE BUILDING” MEANS A BUILDING THAT:

24                   (1) MEETS OR EXCEEDS THE CURRENT VERSION OF THE U.S.  
25 GREEN BUILDING COUNCIL’S LEED (LEADERSHIP IN ENERGY AND  
26 ENVIRONMENTAL DESIGN) GREEN BUILDING RATING SYSTEM GOLD RATING; OR

27                   (2) ACHIEVES AT LEAST A COMPARABLE NUMERIC RATING  
28 ACCORDING TO A NATIONALLY RECOGNIZED, ACCEPTED, AND APPROPRIATE  
29 NUMERIC SUSTAINABLE DEVELOPMENT RATING SYSTEM, GUIDELINE, OR  
30 STANDARD APPROVED BY THE SECRETARIES OF BUDGET AND MANAGEMENT  
31 AND GENERAL SERVICES UNDER § 3-602.1 OF THIS ARTICLE.

32                   (J) (1) “HISTORIC PROPERTY” MEANS A DISTRICT, SITE, BUILDING,  
33 STRUCTURE, MONUMENT, OR OBJECT SIGNIFICANT TO:

1                   **(I) THE PREHISTORY OR HISTORY OF THE STATE; OR**

2                   **(II) THE UPLAND OR UNDERWATER ARCHEOLOGY,**  
3 **ARCHITECTURE, ENGINEERING, OR CULTURE OF THE STATE.**

4                   **(2) “HISTORIC PROPERTY” INCLUDES RELATED ARTIFACTS,**  
5 **RECORDS, AND REMAINS.**

6                   **(K) “INITIAL CREDIT CERTIFICATE” MEANS A CERTIFICATE THAT**  
7 **GUARANTEES THE BUSINESS ENTITY A TAX CREDIT UNDER THE PROVISIONS OF**  
8 **THIS SUBTITLE.**

9                   **(L) “LOCAL HISTORIC DISTRICT” MEANS A DISTRICT THAT THE**  
10 **GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION, OR THE MAYOR**  
11 **AND CITY COUNCIL OF BALTIMORE, HAS DESIGNATED UNDER LOCAL LAW AS**  
12 **HISTORIC.**

13                   **(M) “MAIN STREET MARYLAND COMMUNITY” MEANS:**

14                   **(1) A COMMERCIAL AREA IN A LOCAL JURISDICTION DESIGNATED**  
15 **BY THE SECRETARY OF HOUSING AND COMMUNITY DEVELOPMENT AS A MAIN**  
16 **STREET MARYLAND COMMUNITY UNDER THE MAIN STREET MARYLAND**  
17 **PROGRAM ON OR BEFORE JANUARY 1, 2010; OR**

18                   **(2) A COMMERCIAL AREA IN BALTIMORE CITY DESIGNATED AS A**  
19 **MAIN STREET BY THE MAYOR OF BALTIMORE CITY ON OR BEFORE JANUARY 1,**  
20 **2010.**

21                   **(N) “MAIN STREET MARYLAND PROGRAM” MEANS THE MARYLAND**  
22 **MAIN STREET DESIGNATION PROGRAM FOR LOCAL JURISDICTIONS**  
23 **ESTABLISHED IN THE CODE OF MARYLAND REGULATIONS (COMAR).**

24                   **(O) “MAPLE STREET COMMUNITY” MEANS A RESIDENTIAL AREA IN A**  
25 **LOCAL JURISDICTION DESIGNATED BY THE SECRETARY OF HOUSING AND**  
26 **COMMUNITY DEVELOPMENT UNDER COMAR AS PART OF THE MAIN STREET**  
27 **MARYLAND PROGRAM ON OR BEFORE JANUARY 1, 2010.**

28                   **(P) “NATIONAL REGISTER STRUCTURE” MEANS A STRUCTURE THAT IS:**

29                   **(1) LISTED ON THE NATIONAL REGISTER OF HISTORIC PLACES;**  
30 **OR**

1           **(2) LOCATED IN A HISTORIC DISTRICT LISTED ON THE NATIONAL**  
2 **REGISTER OF HISTORIC PLACES AND CERTIFIED BY THE DIRECTOR AS**  
3 **CONTRIBUTING TO THE SIGNIFICANCE OF THE DISTRICT.**

4           **(Q) “POLITICAL SUBDIVISION” MEANS A COUNTY OR MUNICIPAL**  
5 **CORPORATION OF THE STATE.**

6           **(R) “PROGRAM” MEANS THE SUSTAINABLE COMMUNITIES TAX CREDIT**  
7 **PROGRAM.**

8           **(S) “QUALIFIED REHABILITATION EXPENDITURE” MEANS ANY AMOUNT**  
9 **THAT:**

10           **(1) IS PROPERLY CHARGEABLE TO A CAPITAL ACCOUNT;**

11           **(2) IS EXPENDED IN THE REHABILITATION OF A STRUCTURE THAT**  
12 **BY THE END OF THE CALENDAR YEAR IN WHICH THE CERTIFIED**  
13 **REHABILITATION IS COMPLETED IS A CERTIFIED HISTORIC STRUCTURE OR A**  
14 **QUALIFIED REHABILITATED STRUCTURE;**

15           **(3) IS EXPENDED IN COMPLIANCE WITH A PLAN OF PROPOSED**  
16 **REHABILITATION THAT HAS BEEN APPROVED BY THE DIRECTOR; AND**

17           **(4) IS NOT FUNDED, FINANCED, OR OTHERWISE REIMBURSED BY**  
18 **ANY:**

19           **(I) STATE OR LOCAL GRANT;**

20           **(II) GRANT MADE FROM THE PROCEEDS OF TAX-EXEMPT**  
21 **BONDS ISSUED BY THE STATE, A POLITICAL SUBDIVISION OF THE STATE, OR AN**  
22 **INSTRUMENTALITY OF THE STATE OR OF A POLITICAL SUBDIVISION OF THE**  
23 **STATE;**

24           **(III) STATE TAX CREDIT OTHER THAN THE TAX CREDIT**  
25 **UNDER THIS SUBTITLE; OR**

26           **(IV) OTHER FINANCIAL ASSISTANCE FROM THE STATE OR A**  
27 **POLITICAL SUBDIVISION OF THE STATE, OTHER THAN A LOAN THAT MUST BE**  
28 **REPAID AT AN INTEREST RATE THAT IS GREATER THAN THE INTEREST RATE ON**  
29 **GENERAL OBLIGATION BONDS ISSUED BY THE STATE AT THE MOST RECENT**  
30 **BOND SALE PRIOR TO THE TIME THE LOAN IS MADE.**

31           **(T) (1) “QUALIFIED REHABILITATED STRUCTURE” MEANS A**  
32 **BUILDING:**

1                   **(I) THAT:**

2                               **1. IS LOCATED IN A TRANSIT-ORIENTED**  
3 **DEVELOPMENT AND IS A COMMERCIAL REHABILITATION; OR**

4                               **2. IS LOCATED IN A MAIN STREET MARYLAND**  
5 **COMMUNITY, A MAPLE STREET COMMUNITY, OR IN FISCAL YEAR 2012, A**  
6 **SUSTAINABLE COMMUNITY;**

7                   **(II) THAT WILL BE SUBSTANTIALLY REHABILITATED UNDER**  
8 **THE PROGRAM; AND**

9                               **(III) THAT MEETS THE REQUIREMENTS SET FORTH IN §**  
10 **5-904 OF THIS SUBTITLE.**

11                   **(2) “QUALIFIED REHABILITATED STRUCTURE” DOES NOT**  
12 **INCLUDE A CERTIFIED HISTORIC STRUCTURE.**

13                   **(U) (1) “SINGLE-FAMILY, OWNER-OCCUPIED RESIDENCE” MEANS A**  
14 **STRUCTURE OCCUPIED BY THE OWNER AND THE OWNER’S IMMEDIATE FAMILY**  
15 **AS THEIR PRIMARY OR SECONDARY RESIDENCE.**

16                               **(2) “SINGLE-FAMILY, OWNER-OCCUPIED RESIDENCE” INCLUDES**  
17 **A RESIDENTIAL UNIT IN A COOPERATIVE PROJECT OWNED BY OR LEASED TO A**  
18 **COOPERATIVE HOUSING CORPORATION, AS DEFINED IN § 5-6B-01 OF THE**  
19 **CORPORATIONS AND ASSOCIATIONS ARTICLE, AND LEASED FOR EXCLUSIVE**  
20 **OCCUPANCY TO, AND OCCUPIED BY, A MEMBER OF THE CORPORATION AND THE**  
21 **MEMBER’S IMMEDIATE FAMILY UNDER A PROPRIETARY LEASE.**

22                   **(V) “SMART GROWTH SUBCABINET” MEANS THE SMART GROWTH**  
23 **SUBCABINET ESTABLISHED UNDER TITLE 9, SUBTITLE 14 OF THE STATE**  
24 **GOVERNMENT ARTICLE.**

25                   **(W) “STATE UNIT” HAS THE MEANING STATED IN § 11-101 OF THE**  
26 **STATE GOVERNMENT ARTICLE.**

27                   **(X) “SUSTAINABLE COMMUNITY” HAS THE MEANING STATED IN § 6-201**  
28 **OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

29                   **(Y) (1) “SUBSTANTIAL REHABILITATION” MEANS REHABILITATION**  
30 **OF A STRUCTURE FOR WHICH THE QUALIFIED REHABILITATION EXPENDITURES,**  
31 **DURING THE 24-MONTH PERIOD SELECTED BY THE INDIVIDUAL OR BUSINESS**  
32 **ENTITY ENDING WITH OR WITHIN THE TAXABLE YEAR, EXCEED:**

1                   **(I) FOR SINGLE-FAMILY, OWNER-OCCUPIED RESIDENTIAL**  
2 **PROPERTY, \$5,000;**

3                   **(II) FOR COMMERCIAL PROPERTY LOCATED IN A MAIN**  
4 **STREET MARYLAND COMMUNITY, THE GREATER OF 50% OF THE ADJUSTED**  
5 **BASIS OF THE STRUCTURE OR \$25,000; OR**

6                   **(III) FOR ALL OTHER COMMERCIAL PROPERTY, THE**  
7 **GREATER OF THE ADJUSTED BASIS OF THE STRUCTURE OR \$25,000.**

8           **(Z) “TRANSIT-ORIENTED DEVELOPMENT” MEANS TRANSIT-ORIENTED**  
9 **DEVELOPMENT AS DEFINED IN § 7-101 OF THE TRANSPORTATION ARTICLE**  
10 **THAT IS LOCATED WITHIN ONE-HALF MILE OF A TRANSIT STATION ON A LIGHT**  
11 **RAIL OR HEAVY RAIL LINE.**

12           **(AA) “TRUST” MEANS THE MARYLAND HISTORICAL TRUST ESTABLISHED**  
13 **UNDER SUBTITLE 5A OF THIS TITLE.**

14 **5-903.**

15           **(A) THE DIRECTOR SHALL ADOPT REGULATIONS TO:**

16                   **(1) ESTABLISH PROCEDURES AND STANDARDS FOR CERTIFYING**  
17 **HISTORIC STRUCTURES AND REHABILITATIONS UNDER THIS SECTION;**

18                   **(2) FOR COMMERCIAL REHABILITATIONS, ESTABLISH A RATING**  
19 **SYSTEM, BASED ON PAST PRACTICES AND TO FUND THE HIGHEST QUALITY**  
20 **REHABILITATION PROJECTS THAT WILL PROVIDE A STIMULUS FOR**  
21 **REVITALIZATION BEYOND THE INDIVIDUAL PROJECT, THAT FAVORS THE AWARD**  
22 **OF TAX CREDITS FOR REHABILITATION PROJECTS THAT:**

23                           **(I) ARE LOCATED IN JURISDICTIONS THAT HAVE BEEN**  
24 **HISTORICALLY UNDERREPRESENTED IN THE AWARD OF TAX CREDITS FOR**  
25 **COMMERCIAL REHABILITATIONS, BASED ON THE NUMBER OF NATIONAL**  
26 **REGISTER STRUCTURES IN EACH JURISDICTION;**

27                           **(II) ARE CONSISTENT WITH AND ADVANCE GROWTH AND**  
28 **DEVELOPMENT POLICIES AND PROGRAMS OF THE STATE;**

29                           **(III) ARE LOCATED IN AREAS TARGETED BY THE STATE FOR**  
30 **ADDITIONAL REVITALIZATION AND ECONOMIC DEVELOPMENT OPPORTUNITIES**  
31 **DUE TO THE FOCUSING OF STATE RESOURCES AND INCENTIVES;**

1 (IV) ARE LOCATED IN SUSTAINABLE COMMUNITIES;

2 (V) ARE LOCATED IN AREAS WHERE LOCAL JURISDICTIONS  
3 HAVE IMPLEMENTED REGULATORY STREAMLINING OR OTHER DEVELOPMENT  
4 INCENTIVES IN PRIORITY FUNDING AREAS THAT HAVE BEEN CERTIFIED BY THE  
5 SMART GROWTH SUBCABINET IN ACCORDANCE WITH § 9-1406 OF THE STATE  
6 GOVERNMENT ARTICLE;

7 (VI) INCLUDE AFFORDABLE AND WORKFORCE HOUSING  
8 OPTIONS; AND

9 (VII) ARE QUALIFIED REHABILITATED STRUCTURES MORE  
10 THAN 50 YEARS OLD;

11 (3) FOR COMMERCIAL REHABILITATIONS, ESTABLISH AN  
12 APPLICATION PROCESS FOR THE AWARD OF INITIAL CREDIT CERTIFICATES FOR  
13 SUSTAINABLE COMMUNITIES TAX CREDITS CONSISTENT WITH THE  
14 REQUIREMENTS OF THIS SUBTITLE;

15 (4) FOR REHABILITATIONS, ESTABLISH CRITERIA, CONSISTENT  
16 WITH THE REQUIREMENTS OF THIS SUBSECTION, FOR EVALUATING PLANS OF  
17 PROPOSED REHABILITATION THAT HAVE BEEN DETERMINED BY THE DIRECTOR  
18 TO:

19 (I) FOR CERTIFIED HISTORIC STRUCTURES, CONFORM TO  
20 THE REHABILITATION STANDARDS OF THE UNITED STATES SECRETARY OF THE  
21 INTERIOR; AND

22 (II) FOR REHABILITATIONS OF THE EXTERIORS OF  
23 QUALIFIED REHABILITATED STRUCTURES, BE COMPATIBLE WITH THE  
24 REHABILITATION STANDARDS OF THE UNITED STATES SECRETARY OF THE  
25 INTERIOR IF THE STRUCTURE IS LOCATED IN, OR ADVERSELY AFFECTS:

26 1. DESIGNATED HISTORIC DISTRICTS; OR

27 2. DISTRICTS DETERMINED BY THE DIRECTOR TO BE  
28 ELIGIBLE FOR LISTING ON THE NATIONAL REGISTER OF HISTORIC PLACES;

29 (5) FOR COMMERCIAL REHABILITATIONS, DETERMINE WHETHER  
30 THE CERTIFIED REHABILITATION IS A HIGH PERFORMANCE BUILDING;

31 (6) FOR COMMERCIAL REHABILITATIONS, ESTABLISH A  
32 REQUIRED EXTERNAL MARKER OR, AT LEAST, AN INTERNAL MARKER FOR THE

1 REHABILITATION PROJECTS THAT IDENTIFIES THAT THE REHABILITATION WAS  
2 FUNDED BY MARYLAND SUSTAINABLE COMMUNITIES TAX CREDITS; AND

3 (7) AS PROVIDED IN SUBSECTION (B)(1) AND (2) OF THIS  
4 SECTION, CHARGE A REASONABLE FEE TO CERTIFY HISTORIC REHABILITATIONS  
5 AND QUALIFIED REHABILITATED STRUCTURES UNDER THIS SUBTITLE.

6 (B) (1) THE DIRECTOR SHALL SET THE LEVEL OF THE FEE UNDER  
7 SUBSECTION (A)(7) OF THIS SECTION SO THAT THE PROJECTED PROCEEDS  
8 FROM THE FEE WILL COVER THE COSTS TO THE TRUST OF ADMINISTERING THE  
9 CREDIT UNDER THIS SUBTITLE AND THE FEDERAL HISTORIC PRESERVATION  
10 TAX CREDIT.

11 (2) THE FEE CHARGED MAY NOT EXCEED 2% OF THE AMOUNT OF:

12 (I) THE INITIAL CREDIT CERTIFICATE ISSUED FOR A  
13 COMMERCIAL REHABILITATION; OR

14 (II) THE QUALIFIED REHABILITATION EXPENDITURES FOR A  
15 SINGLE-FAMILY, OWNER-OCCUPIED RESIDENTIAL REHABILITATION.

16 (3) IF THE FEE FOR A COMMERCIAL REHABILITATION IS NOT  
17 RECEIVED BY THE TRUST WITHIN 120 DAYS AFTER THE TRUST SENDS NOTICE  
18 THAT THE FEE IS DUE, THE RESERVATION OF AN AWARD FOR AN INITIAL CREDIT  
19 CERTIFICATE FOR THE REHABILITATION SHALL EXPIRE.

20 (C) THE DIRECTOR SHALL CONSULT WITH THE SMART GROWTH  
21 SUBCABINET ON THE RATING SYSTEM REQUIRED UNDER SUBSECTION (A)(2) OF  
22 THIS SECTION.

23 **5-904.**

24 A BUILDING IS A QUALIFIED REHABILITATED STRUCTURE IF, IN THE  
25 REHABILITATION PROCESS:

26 (1) 50% OR MORE OF THE EXISTING EXTERNAL WALLS OF THE  
27 BUILDING ARE RETAINED IN PLACE AS EXTERNAL WALLS;

28 (2) 75% OR MORE OF THE EXISTING EXTERNAL WALLS OF THE  
29 BUILDING ARE RETAINED IN PLACE AS INTERNAL OR EXTERNAL WALLS; AND

30 (3) 75% OR MORE OF THE INTERNAL STRUCTURAL FRAMEWORK  
31 OF THE BUILDING IS RETAINED IN PLACE.



1 **5-905.**

2 (A) (1) THE DIRECTOR MAY ACCEPT AN APPLICATION FOR  
3 APPROVAL OF PLANS OF A PROPOSED REHABILITATION IF THE PROPOSED  
4 REHABILITATION MEETS THE REQUIREMENTS FOR ELIGIBILITY UNDER THE  
5 PROGRAM.

6 (2) IF THE PLANS OF A PROPOSED REHABILITATION MEET THE  
7 ELIGIBILITY REQUIREMENTS OF THE PROGRAM, THE DIRECTOR SHALL ACCEPT  
8 APPLICATIONS FOR APPROVAL OF PLANS FOR REHABILITATION IN THE ORDER  
9 IN WHICH THEY ARE RECEIVED BY THE TRUST.

10 (3) THE DIRECTOR MAY NOT ACCEPT AN APPLICATION FOR  
11 APPROVAL OF PLANS OF A PROPOSED REHABILITATION IF:

12 (I) ANY SUBSTANTIAL PART OF THE PROPOSED  
13 REHABILITATION WORK HAS BEGUN; OR

14 (II) THE APPLICANT FOR A COMMERCIAL REHABILITATION  
15 HAS PREVIOUSLY SUBMITTED THREE OR MORE APPLICATIONS FOR  
16 COMMERCIAL REHABILITATIONS WITH TOTAL PROPOSED REHABILITATIONS  
17 EXCEEDING \$500,000 IN THAT YEAR.

18 (4) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, FOR A  
19 COMMERCIAL REHABILITATION, THE DIRECTOR MAY MAKE AN AWARD OF AN  
20 INITIAL CREDIT CERTIFICATE CONSISTENT WITH THE REQUIREMENTS OF THIS  
21 SUBTITLE.

22 (5) PRIOR TO MAKING AWARDS OF AN INITIAL CREDIT  
23 CERTIFICATE, THE DIRECTOR SHALL NOTIFY THE SMART GROWTH  
24 SUBCABINET OF THE APPLICATIONS AND PROPOSED AWARDS.

25 (B) THE DIRECTOR MAY NOT CERTIFY A COMPLETED REHABILITATION  
26 FOR THE CERTIFIED REHABILITATION UNDER THIS SUBTITLE UNLESS THE  
27 INDIVIDUAL OR BUSINESS ENTITY SEEKING CERTIFICATION STATES UNDER  
28 OATH THE AMOUNT OF THE INDIVIDUAL'S OR BUSINESS ENTITY'S QUALIFIED  
29 REHABILITATION EXPENDITURES.

30 (C) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, FOR THE  
31 TAXABLE YEAR IN WHICH A CERTIFIED REHABILITATION IS COMPLETED, AN  
32 INDIVIDUAL OR BUSINESS ENTITY MAY CLAIM A TAX CREDIT IN AN AMOUNT  
33 EQUAL TO:

1                   **(I) 20% OF THE INDIVIDUAL'S OR BUSINESS ENTITY'S**  
2 **QUALIFIED REHABILITATION EXPENDITURES FOR A SINGLE-FAMILY,**  
3 **OWNER-OCCUPIED RESIDENTIAL CERTIFIED HISTORIC STRUCTURE**  
4 **REHABILITATION; OR**

5                   **(II) EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND (3) OF**  
6 **THIS SUBSECTION, 20% OF THE INDIVIDUAL'S OR BUSINESS ENTITY'S**  
7 **QUALIFIED REHABILITATION EXPENDITURES FOR ANY OTHER REHABILITATION.**

8                   **(2) FOR THE TAXABLE YEAR IN WHICH A CERTIFIED COMMERCIAL**  
9 **REHABILITATION IS COMPLETED, AN INDIVIDUAL OR BUSINESS ENTITY MAY**  
10 **CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO 25% OF THE INDIVIDUAL'S OR**  
11 **BUSINESS ENTITY'S QUALIFIED REHABILITATION EXPENDITURES IF THE**  
12 **CERTIFIED REHABILITATION IS A CERTIFIED HISTORIC STRUCTURE AND A HIGH**  
13 **PERFORMANCE BUILDING.**

14                   **(3) FOR THE TAXABLE YEAR IN WHICH A CERTIFIED**  
15 **REHABILITATION IS COMPLETED, AN INDIVIDUAL OR BUSINESS ENTITY MAY**  
16 **CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO 10% OF THE INDIVIDUAL'S OR**  
17 **BUSINESS ENTITY'S QUALIFIED REHABILITATION EXPENDITURES IF THE**  
18 **CERTIFIED REHABILITATION IS A QUALIFIED REHABILITATED STRUCTURE.**

19                   **(4) (I) FOR ANY COMMERCIAL REHABILITATION, THE STATE**  
20 **TAX CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE LESSER OF:**

21                                   **1. \$3,000,000; OR**

22                                   **2. THE MAXIMUM AMOUNT SPECIFIED UNDER THE**  
23 **INITIAL CREDIT CERTIFICATE ISSUED FOR THE REHABILITATION.**

24                   **(II) FOR A REHABILITATION OTHER THAN A COMMERCIAL**  
25 **REHABILITATION, THE STATE TAX CREDIT ALLOWED UNDER THIS SECTION MAY**  
26 **NOT EXCEED \$50,000.**

27                   **(III) FOR THE PURPOSES OF THE LIMITATION UNDER**  
28 **SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE FOLLOWING SHALL BE TREATED**  
29 **AS A SINGLE COMMERCIAL REHABILITATION:**

30                                   **1. THE PHASED REHABILITATION OF THE SAME**  
31 **STRUCTURE OR PROPERTY;**

32                                   **2. THE SEPARATE REHABILITATION OF DIFFERENT**  
33 **COMPONENTS OF THE SAME STRUCTURE OR PROPERTY; OR**

1                   **3. THE REHABILITATION OF MULTIPLE STRUCTURES**  
2 **THAT ARE FUNCTIONALLY RELATED TO SERVE AN OVERALL PURPOSE.**

3                   **(5) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,**  
4 **THE INITIAL CREDIT CERTIFICATE FOR A PROPOSED COMMERCIAL**  
5 **REHABILITATION SHALL EXPIRE AND THE CREDIT UNDER THIS SECTION MAY**  
6 **NOT BE CLAIMED IF:**

7                   **1. WITHIN 18 MONTHS AFTER THE INITIAL CREDIT**  
8 **CERTIFICATE WAS ISSUED, THE APPLICANT HAS NOT NOTIFIED THE TRUST, IN**  
9 **WRITING, THAT THE COMMERCIAL REHABILITATION HAS BEGUN; OR**

10                   **2. WITHIN 30 MONTHS AFTER THE INITIAL CREDIT**  
11 **CERTIFICATE WAS ISSUED, THE COMMERCIAL REHABILITATION IS NOT**  
12 **COMPLETED.**

13                   **(II) FOR REASONABLE CAUSE, THE DIRECTOR MAY**  
14 **POSTPONE THE 30-MONTH EXPIRATION DATE FOR AN INITIAL CREDIT**  
15 **CERTIFICATE FOR A COMMERCIAL REHABILITATION.**

16                   **(6) IF THE TAX CREDIT ALLOWED UNDER THIS SECTION IN ANY**  
17 **TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE**  
18 **BUSINESS ENTITY OR THE INDIVIDUAL FOR THAT TAXABLE YEAR, THE**  
19 **INDIVIDUAL OR BUSINESS ENTITY MAY:**

20                   **(I) APPLY THE EXCESS AS A CREDIT FOR SUCCEEDING**  
21 **TAXABLE YEARS UNTIL THE EARLIER OF:**

22                   **1. THE FULL AMOUNT OF THE CREDIT IS USED; OR**

23                   **2. THE EXPIRATION OF THE TENTH TAXABLE YEAR**  
24 **AFTER THE TAXABLE YEAR IN WHICH THE REHABILITATION IS COMPLETED; OR**

25                   **(II) CLAIM A REFUND IN THE AMOUNT OF THE EXCESS IF:**

26                   **1. THE REHABILITATION IS A SINGLE-FAMILY,**  
27 **OWNER-OCCUPIED RESIDENCE;**

28                   **2. THE REHABILITATION IS A COMMERCIAL**  
29 **REHABILITATION AND THE QUALIFIED REHABILITATION EXPENDITURES FOR**  
30 **THE REHABILITATION DO NOT EXCEED \$250,000; OR**

1                   **3. THE BUSINESS ENTITY IS A NONPROFIT**  
2 **CORPORATION AND THE QUALIFIED REHABILITATION AND THE QUALIFIED**  
3 **EXPENDITURES DO NOT EXCEED \$250,000.**

4           **(E) THE STATE CREDIT ALLOWED UNDER THIS SECTION MAY BE**  
5 **ALLOCATED AMONG THE PARTNERS, MEMBERS, OR SHAREHOLDERS OF AN**  
6 **ENTITY IN ANY MANNER AGREED TO BY THOSE PERSONS IN WRITING.**

7           **(F) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPH (2) OF THIS**  
8 **SUBSECTION, THE DIRECTOR MAY NOT ISSUE INITIAL CREDIT CERTIFICATES**  
9 **UNDER THIS SUBTITLE THAT:**

10                   **(I) IN THE AGGREGATE EXCEED \$50,000,000; AND**

11                   **(II) 1. EXCEED \$20,000,000 IN FISCAL YEAR 2011;**

12                               **2. EXCEED \$15,000,000 IN FISCAL YEAR 2012; AND**

13                               **3. EXCEED \$15,000,000 IN FISCAL YEAR 2013.**

14           **(2) THE DIRECTOR MAY NOT ISSUE INITIAL CREDIT**  
15 **CERTIFICATES TO QUALIFIED REHABILITATED STRUCTURES THAT EXCEED 40%**  
16 **OF THE TOTAL CREDIT CERTIFICATES ISSUED IN A FISCAL YEAR.**

17           **(3) THE AMOUNT OF RESERVATIONS FOR INITIAL CREDIT**  
18 **CERTIFICATE AWARDS AND ISSUED INITIAL CREDIT CERTIFICATES THAT EXPIRE**  
19 **PRIOR TO OCTOBER 1, 2013, UNDER THE PROVISIONS OF § 5-903(B)(3) OF THIS**  
20 **SUBTITLE AND SUBSECTION (C)(5) OF THIS SECTION MAY NOT BE INCLUDED IN**  
21 **THE AGGREGATE AMOUNT OF INITIAL CREDIT CERTIFICATES ISSUED.**

22           **(4) IF THE INITIAL CREDIT CERTIFICATES ISSUED IN ANY FISCAL**  
23 **YEAR DO NOT EXCEED THE AMOUNTS UNDER PARAGRAPH (1)(II) OF THIS**  
24 **SUBSECTION, THE AMOUNT NOT AWARDED SHALL BE CARRIED OVER TO AND**  
25 **AVAILABLE FOR AWARD IN THE NEXT FISCAL YEAR.**

26           **(5) THE DIRECTOR MAY NOT ISSUE AN INITIAL CREDIT**  
27 **CERTIFICATE UNDER THIS SUBTITLE BEFORE OCTOBER 1, 2010, OR AFTER**  
28 **SEPTEMBER 30, 2013.**

29 **5-906.**

30           **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**  
31 **MEANINGS INDICATED.**

1           **(2) (I) “DISPOSITION” OR “DISPOSE” MEANS A TRANSFER OF**  
2 **LEGAL TITLE OR, IN THE CASE OF A LEASEHOLD, THE LEASEHOLD INTEREST.**

3           **(II) “DISPOSITION” OR “DISPOSE” INCLUDES A SALE IN A**  
4 **SALE-AND-LEASEBACK TRANSACTION, A TRANSFER UPON THE FORECLOSURE**  
5 **OF A SECURITY INTEREST, AND A GIFT.**

6           **(III) “DISPOSITION” OR “DISPOSE” DOES NOT INCLUDE A**  
7 **TRANSFER OF TITLE OR THE LEASEHOLD INTEREST TO A CREDITOR UPON**  
8 **CREATION OF A SECURITY INTEREST.**

9           **(3) “DISQUALIFYING WORK” MEANS WORK THAT:**

10           **(I) IS PERFORMED ON A CERTIFIED REHABILITATION; AND**

11           **(II) IF PERFORMED AS PART OF THE REHABILITATION**  
12 **CERTIFIED UNDER THIS SECTION, WOULD HAVE MADE THE REHABILITATION**  
13 **INELIGIBLE FOR CERTIFICATION.**

14           **(B) THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE**  
15 **RECAPTURED AS PROVIDED IN SUBSECTION (C) OF THIS SECTION IF, DURING**  
16 **THE TAXABLE YEAR IN WHICH A CERTIFIED REHABILITATION IS COMPLETED OR**  
17 **ANY OF THE 4 TAXABLE YEARS SUCCEEDING THE TAXABLE YEAR IN WHICH THE**  
18 **CERTIFIED REHABILITATION IS COMPLETED:**

19           **(1) ANY DISQUALIFYING WORK IS PERFORMED ON A CERTIFIED**  
20 **REHABILITATION; OR**

21           **(2) FOR A COMMERCIAL REHABILITATION, THE CERTIFIED**  
22 **REHABILITATION IS COMPLETE AND HAS BEEN DISPOSED OF.**

23           **(C) (1) (I) IF DISPOSITION OCCURS OR DISQUALIFYING WORK IS**  
24 **PERFORMED DURING THE TAXABLE YEAR IN WHICH THE CERTIFIED**  
25 **REHABILITATION WAS COMPLETED, 100% OF THE CREDIT SHALL BE**  
26 **RECAPTURED.**

27           **(II) IF DISPOSITION OCCURS OR DISQUALIFYING WORK IS**  
28 **PERFORMED DURING THE FIRST FULL YEAR SUCCEEDING THE TAXABLE YEAR IN**  
29 **WHICH THE CERTIFIED REHABILITATION WAS COMPLETED, 80% OF THE CREDIT**  
30 **SHALL BE RECAPTURED.**

31           **(III) IF DISPOSITION OCCURS OR DISQUALIFYING WORK IS**  
32 **PERFORMED DURING THE SECOND FULL YEAR SUCCEEDING THE TAXABLE YEAR**

1 IN WHICH THE CERTIFIED REHABILITATION WAS COMPLETED, 60% OF THE  
2 CREDIT SHALL BE RECAPTURED.

3 (IV) IF DISPOSITION OCCURS OR DISQUALIFYING WORK IS  
4 PERFORMED DURING THE THIRD FULL YEAR SUCCEEDING THE TAXABLE YEAR  
5 IN WHICH THE CERTIFIED REHABILITATION WAS COMPLETED, 40% OF THE  
6 CREDIT SHALL BE RECAPTURED.

7 (V) IF DISPOSITION OCCURS OR DISQUALIFYING WORK IS  
8 PERFORMED DURING THE FOURTH FULL YEAR SUCCEEDING THE TAXABLE YEAR  
9 IN WHICH THE CERTIFIED REHABILITATION WAS COMPLETED, 20% OF THE  
10 CREDIT SHALL BE RECAPTURED.

11 (2) THE INDIVIDUAL OR BUSINESS ENTITY THAT CLAIMED THE  
12 TAX CREDIT SHALL PAY THE AMOUNT TO BE RECAPTURED, AS DETERMINED  
13 UNDER PARAGRAPH (1) OF THIS SUBSECTION, AS TAXES PAYABLE TO THE  
14 STATE FOR THE TAXABLE YEAR IN WHICH THE DISPOSITION OCCURS OR THE  
15 DISQUALIFYING WORK IS PERFORMED.

16 **5-907.**

17 (A) THE COMPTROLLER MAY DETERMINE, UNDER THE PROCESS FOR  
18 RETURN EXAMINATION AND AUDIT UNDER §§ 13-301 AND 13-302 OF THE TAX -  
19 GENERAL ARTICLE:

20 (1) THE AMOUNT OF REHABILITATION EXPENDITURES USED IN  
21 CALCULATING THE CREDIT;

22 (2) WHETHER SUCH EXPENDITURES ARE QUALIFIED  
23 REHABILITATION EXPENDITURES UNDER THIS SECTION; AND

24 (3) WHETHER THE CREDIT IS ALLOWABLE AS CLAIMED.

25 (B) THE AUTHORITY OF THE COMPTROLLER TO EXAMINE AND AUDIT A  
26 TAX RETURN DOES NOT LIMIT THE AUTHORITY OF THE DIRECTOR TO  
27 DETERMINE WHETHER A REHABILITATION QUALIFIES AS A CERTIFIED  
28 REHABILITATION OR WHETHER A CERTIFICATE OF COMPLETION FOR THE  
29 CERTIFIED REHABILITATION HAS BEEN PROPERLY ISSUED.

30 (C) THE COMPTROLLER MAY ADOPT REGULATIONS TO REQUIRE THAT  
31 AN ENTITY, OTHER THAN A CORPORATION, CLAIM THE TAX CREDIT ON THE TAX  
32 RETURN FILED BY THAT ENTITY.

33 **5-908.**

1           **(A) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE**  
2 **CREDIT UNDER THIS SUBTITLE MAY BE CLAIMED FOR THE YEAR A CERTIFIED**  
3 **REHABILITATION IS COMPLETED, ONLY IF THE DIRECTOR HAS, BY THE TIME**  
4 **THE RETURN IS FILED, ISSUED A CERTIFICATE OF COMPLETION FOR THE**  
5 **CERTIFIED REHABILITATION.**

6           **(2) A TAXPAYER CLAIMING THE CREDIT MAY AMEND A RETURN**  
7 **FOR THE YEAR THE CERTIFIED REHABILITATION WAS COMPLETED TO ACCOUNT**  
8 **FOR A CERTIFICATE ISSUED SUBSEQUENT TO THE FILING OF THE ORIGINAL**  
9 **RETURN.**

10           **(3) AN AMENDED RETURN SHALL BE FILED WITHIN THE PERIOD**  
11 **ALLOWED UNDER THE TAX – GENERAL ARTICLE FOR FILING REFUND CLAIMS.**

12           **(4) THE PROVISIONS OF THIS SUBSECTION DO NOT EXTEND THE**  
13 **PERIOD IN WHICH A CERTIFIED REHABILITATION MUST BE COMPLETED TO BE**  
14 **ELIGIBLE FOR A TAX CREDIT UNDER THIS SUBTITLE.**

15           **(5) AN AMENDED RETURN MAY ACCOUNT FOR AN AMENDED**  
16 **CERTIFICATION ISSUED BY THE DIRECTOR FOR A CERTIFIED REHABILITATION.**

17           **(B) A REFUND PAYABLE UNDER § 5–905(C)(6)(II) OF THIS SUBTITLE:**

18           **(1) OPERATES TO REDUCE THE INCOME TAX REVENUE FROM**  
19 **CORPORATIONS IF THE PERSON ENTITLED TO THE REFUND IS A CORPORATION**  
20 **SUBJECT TO THE INCOME TAX UNDER TITLE 10 OF THE TAX – GENERAL**  
21 **ARTICLE;**

22           **(2) OPERATES TO REDUCE INSURANCE PREMIUM TAX REVENUES**  
23 **IF THE PERSON ENTITLED TO THE REFUND IS SUBJECT TO TAXATION UNDER**  
24 **TITLE 6 OF THE INSURANCE ARTICLE; AND**

25           **(3) OPERATES TO REDUCE THE INCOME TAX REVENUE FROM**  
26 **INDIVIDUALS IF THE PERSON ENTITLED TO THE REFUND IS:**

27                   **(I) AN INDIVIDUAL SUBJECT TO THE INCOME TAX UNDER**  
28 **TITLE 10 OF THE TAX – GENERAL ARTICLE; OR**

29                   **(II) AN ORGANIZATION EXEMPT FROM TAXATION UNDER §**  
30 **501(C)(3) OF THE INTERNAL REVENUE CODE.**

31 **5–909.**

1           **(A) ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE DIRECTOR**  
2 **SHALL REPORT TO THE GOVERNOR, THE SMART GROWTH SUBCABINET, AND,**  
3 **SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL**  
4 **ASSEMBLY, ON:**

5                   **(1) THE INITIAL CREDIT CERTIFICATES AWARDED FOR**  
6 **COMMERCIAL REHABILITATIONS UNDER THIS SECTION DURING THAT FISCAL**  
7 **YEAR;**

8                   **(2) THE TAX CREDITS AWARDED FOR CERTIFIED**  
9 **REHABILITATIONS COMPLETED IN THE PRECEDING FISCAL YEAR;**

10                   **(3) WHETHER THE TAX CREDITS AWARDED FOR CERTIFIED**  
11 **REHABILITATIONS COMPLETED IN THE PRECEDING FISCAL YEAR WERE**  
12 **LOCATED IN:**

13                           **(I) A MAIN STREET MARYLAND COMMUNITY OR MAPLE**  
14 **STREET COMMUNITY;**

15                           **(II) A TRANSIT-ORIENTED DEVELOPMENT;**

16                           **(III) A SUSTAINABLE COMMUNITY;**

17                           **(IV) A LOCAL HISTORIC DISTRICT; OR**

18                           **(V) A NATIONAL REGISTER DISTRICT; AND**

19                   **(4) TO THE EXTENT POSSIBLE AND IN CONSULTATION WITH THE**  
20 **DEPARTMENTS OF HOUSING AND COMMUNITY DEVELOPMENT AND**  
21 **TRANSPORTATION, WHETHER THE CERTIFIED REHABILITATIONS COMPLETED**  
22 **IN THE PRECEDING FISCAL YEAR CONTRIBUTED TO THE REVITALIZATION OF A**  
23 **COMMUNITY.**

24           **(B) THE REPORT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**  
25 **SHALL INCLUDE FOR EACH INITIAL CREDIT CERTIFICATE AWARDED DURING**  
26 **THE FISCAL YEAR FOR A COMMERCIAL REHABILITATION:**

27                   **(1) THE NAME OF THE OWNER OR DEVELOPER OF THE**  
28 **COMMERCIAL REHABILITATION;**

29                   **(2) THE NAME AND ADDRESS OF THE PROPOSED OR CERTIFIED**  
30 **REHABILITATION AND THE COUNTY WHERE THE PROJECT IS LOCATED;**



1           **(3) THE DATES OF RECEIPT AND APPROVAL BY THE DIRECTOR OF**  
2 **ALL APPLICATIONS REGARDING THE PROJECT, INCLUDING APPLICATIONS:**

3                   **(I) FOR CERTIFICATION THAT A STRUCTURE OR PROPERTY**  
4 **WILL QUALIFY AS A CERTIFIED HISTORIC STRUCTURE; AND**

5                   **(II) FOR APPROVAL OF THE PLAN OF PROPOSED**  
6 **REHABILITATION; AND**

7           **(4) THE MAXIMUM AMOUNT OF THE CREDIT STATED IN THE**  
8 **INITIAL CREDIT CERTIFICATE FOR THE PROJECT AND THE ESTIMATED**  
9 **REHABILITATION EXPENDITURES STATED IN THE APPLICATION FOR APPROVAL**  
10 **OF THE PLAN OF PROPOSED REHABILITATION.**

11           **(C) THE REPORT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**  
12 **SHALL INCLUDE FOR EACH CERTIFIED COMMERCIAL REHABILITATION**  
13 **COMPLETED DURING THE PRECEDING FISCAL YEAR:**

14                   **(1) THE NAME OF THE OWNER OR DEVELOPER OF THE**  
15 **COMMERCIAL REHABILITATION;**

16                   **(2) THE NAME AND ADDRESS OF THE CERTIFIED REHABILITATION**  
17 **AND THE COUNTY WHERE THE PROJECT IS LOCATED;**

18                   **(3) THE DATES OF RECEIPT AND APPROVAL BY THE DIRECTOR OF**  
19 **ALL APPLICATIONS REGARDING THE PROJECT; AND**

20                   **(4) (I) THE MAXIMUM AMOUNT OF THE CREDIT STATED IN THE**  
21 **INITIAL CREDIT CERTIFICATE FOR THE PROJECT AND THE ESTIMATED**  
22 **REHABILITATION EXPENDITURES STATED IN THE APPLICATION FOR APPROVAL**  
23 **OF THE PLAN OF PROPOSED REHABILITATION; AND**

24                           **(II) THE ACTUAL QUALIFIED REHABILITATION**  
25 **EXPENDITURES AND THE FINAL AMOUNT OF THE CREDIT FOR WHICH THE**  
26 **PROJECT QUALIFIED.**

27           **(D) THE REPORT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**  
28 **SHALL SUMMARIZE FOR EACH CATEGORY OF CERTIFIED REHABILITATIONS:**

29                   **(1) THE TOTAL NUMBER OF APPLICANTS FOR:**

30                           **(I) CERTIFICATION THAT A STRUCTURE OR PROPERTY**  
31 **WILL QUALIFY AS A CERTIFIED HISTORIC STRUCTURE;**

1                           **(II) APPROVAL OF PLANS OF PROPOSED REHABILITATIONS;**  
2 **OR**

3                           **(III) CERTIFICATION OF THE COMPLETED REHABILITATIONS;**

4                           **(2) THE NUMBER OF PROPOSED PROJECTS FOR WHICH PLANS OF**  
5 **PROPOSED REHABILITATION WERE APPROVED; AND**

6                           **(3) THE TOTAL ESTIMATED REHABILITATION EXPENDITURES**  
7 **STATED IN APPROVED APPLICATIONS FOR APPROVAL OF PLANS OF PROPOSED**  
8 **REHABILITATION AND THE TOTAL QUALIFIED REHABILITATION EXPENDITURES**  
9 **FOR COMPLETED REHABILITATIONS CERTIFIED.**

10                   **(E) THE INFORMATION REQUIRED UNDER SUBSECTION (D) OF THIS**  
11 **SECTION SHALL BE PROVIDED IN THE AGGREGATE AND SEPARATELY FOR EACH**  
12 **OF THE FOLLOWING CATEGORIES OF CERTIFIED REHABILITATIONS:**

13                           **(1) SINGLE-FAMILY, OWNER-OCCUPIED RESIDENTIAL**  
14 **STRUCTURES; AND**

15                           **(2) COMMERCIAL REHABILITATIONS.**

16 **5-910.**

17                   **(A) THERE IS A MARYLAND DEPARTMENT OF PLANNING SUSTAINABLE**  
18 **COMMUNITIES TAX CREDIT ADMINISTRATION FUND THAT IS A CONTINUING,**  
19 **NONLAPSING SPECIAL FUND THAT IS NOT SUBJECT TO § 7-302 OF THIS**  
20 **ARTICLE.**

21                   **(B) THE PROCEEDS FROM THE FEE CHARGED UNDER THIS SUBTITLE**  
22 **SHALL BE DEPOSITED IN THE FUND, TO BE USED ONLY FOR THE PURPOSES OF**  
23 **PAYING THE COSTS OF ADMINISTERING THE CREDIT UNDER THIS SUBTITLE AND**  
24 **THE FEDERAL HISTORIC TAX CREDIT.**

25                   **(C) THE STATE TREASURER SHALL HOLD THE FUND AND THE**  
26 **COMPROLLER SHALL ACCOUNT FOR THE FUND.**

27 **5-911.**

28                   **(A) SUBJECT TO THE PROVISIONS OF THIS SECTION, THE PROVISIONS**  
29 **OF THIS SUBTITLE AND THE TAX CREDIT AUTHORIZED UNDER THIS SUBTITLE**  
30 **SHALL TERMINATE AS OF OCTOBER 1, 2013.**



1 (IV) AFTER RECEIVING A REQUEST FROM A LOCAL  
2 JURISDICTION, CERTIFY THAT THE LOCAL JURISDICTION HAS IMPLEMENTED  
3 REGULATORY STREAMLINING OR OTHER DEVELOPMENT INCENTIVES IN  
4 PRIORITY FUNDING AREAS FOR THE PURPOSE OF THE RATING SYSTEM IN THE  
5 SUSTAINABLE COMMUNITIES TAX CREDIT PROGRAM UNDER TITLE 5 OF THE  
6 STATE FINANCE AND PROCUREMENT ARTICLE;

7 (V) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,  
8 MAKE RECOMMENDATIONS TO:

9 1. THE DEPARTMENT OF BUSINESS AND ECONOMIC  
10 DEVELOPMENT IN ACCORDANCE WITH § 5-1304 OF THE ECONOMIC  
11 DEVELOPMENT ARTICLE;

12 2. THE DEPARTMENT OF HOUSING AND COMMUNITY  
13 DEVELOPMENT IN ACCORDANCE WITH § 6-206 OF THE HOUSING AND  
14 COMMUNITY DEVELOPMENT ARTICLE;

15 3. THE DEPARTMENT OF PLANNING IN  
16 ACCORDANCE WITH § 5-904 OF THE STATE FINANCE AND PROCUREMENT  
17 ARTICLE; AND

18 4. THE DEPARTMENT OF TRANSPORTATION IN  
19 ACCORDANCE WITH § 7-101 OF THE TRANSPORTATION ARTICLE;

20 [(3)] (VI) in coordination with State agencies, evaluate and report  
21 annually to the Governor and, in accordance with § 2-1246 of this article, to the  
22 General Assembly on the implementation of the State's smart growth policy; and

23 [(4)] (VII) perform other duties assigned by the Governor.

24 (2) THE FAILURE OF THE SUBCABINET TO MAKE A  
25 RECOMMENDATION UNDER PARAGRAPH (1)(V) OF THIS SUBSECTION MAY NOT  
26 BE CONSTRUED AS PROHIBITING A DEPARTMENT TO ACT IN ACCORDANCE WITH  
27 THE DEPARTMENT'S AUTHORITY UNDER STATE LAW.

## 28 Article – Transportation

### 29 SUBTITLE 7. SUSTAINABLE COMMUNITIES.

#### 30 2-701.

31 (A) THE GENERAL ASSEMBLY FINDS THAT THE STATE MUST HAVE  
32 SUSTAINABLE COMMUNITIES IN ORDER TO:

1           (1)    **PRESERVE AND PROTECT THE STATE’S NATURAL RESOURCES;**  
2    **AND**

3           (2)    **ACHIEVE THE STATE’S ECONOMIC GROWTH, RESOURCE**  
4    **PROTECTION, AND PLANNING POLICY IN § 5–7A–01 OF THE STATE FINANCE**  
5    **AND PROCUREMENT ARTICLE.**

6           **(B)    THE GENERAL ASSEMBLY FINDS THAT SUSTAINABLE COMMUNITIES**  
7    **ARE PLACES WHERE PUBLIC AND PRIVATE INVESTMENTS AND PARTNERSHIPS**  
8    **ACHIEVE:**

9           (1)    **DEVELOPMENT OF A HEALTHY LOCAL ECONOMY;**

10          (2)    **PROTECTION AND APPRECIATION OF HISTORIC AND**  
11    **CULTURAL RESOURCES;**

12          (3)    **A MIX OF LAND USES;**

13          (4)    **AFFORDABLE AND SUSTAINABLE HOUSING AND JOB OPTIONS;**  
14    **AND**

15          (5)    **GROWTH AND DEVELOPMENT PRACTICES THAT PROTECT THE**  
16    **ENVIRONMENT AND CONSERVE AIR, WATER, AND ENERGY RESOURCES,**  
17    **ENCOURAGE WALKABILITY AND RECREATIONAL OPPORTUNITIES, AND, WHERE**  
18    **AVAILABLE, CREATE ACCESS TO TRANSIT.**

19    **2–702.**

20           **IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE DEPARTMENT**  
21    **SHALL:**

22          (1)    **CONSIDER SUSTAINABLE COMMUNITIES AS IT CONSIDERS**  
23    **ANNUAL REVISIONS UNDER THE CONSOLIDATED TRANSPORTATION PROGRAM**  
24    **IN § 2–103.1(B) THROUGH (F) OF THIS TITLE; AND**

25          (2)    **TWICE A YEAR CONSULT WITH THE SMART GROWTH**  
26    **SUBCABINET ESTABLISHED UNDER § 9–1406 OF THE STATE GOVERNMENT**  
27    **ARTICLE ON HOW THE DEPARTMENT MAY WORK COOPERATIVELY TO MAKE**  
28    **MUTUAL INVESTMENTS TOWARDS CREATING AND SUPPORTING SUSTAINABLE**  
29    **COMMUNITIES ACROSS THE STATE.**

30    **2–703.**

1           **SUBJECT TO THE LIMITATIONS IMPOSED BY THIS SUBTITLE, THE**  
2 **DEPARTMENT MAY EXERCISE ALL POWERS REASONABLY NECESSARY TO**  
3 **ACHIEVE THE PURPOSES OF THIS SUBTITLE, INCLUDING THE AUTHORITY TO:**

4           **(1) ADOPT REGULATIONS TO IMPLEMENT THE PROVISIONS OF**  
5 **THIS SUBTITLE;**

6           **(2) APPLY FOR AND RECEIVE GRANTS, GIFTS, PAYMENTS, LOANS,**  
7 **ADVANCES, APPROPRIATIONS, PROPERTY, AND SERVICES FROM THE FEDERAL**  
8 **GOVERNMENT AND THE STATE, ANY OF THE AGENCIES OR POLITICAL**  
9 **SUBDIVISIONS OF THE FEDERAL GOVERNMENT AND THE STATE, OR OTHER**  
10 **PUBLIC OR PRIVATE PERSON; AND**

11           **(3) ENTER INTO AGREEMENTS AND CONTRACT FOR:**

12                   **(I) ANY STUDIES, PLANS, DEMONSTRATIONS, OR**  
13 **PROJECTS;**

14                   **(II) PLANNING, ENGINEERING, AND TECHNICAL SERVICES;**  
15 **OR**

16                   **(III) ANY PURPOSE NECESSARY FOR OR INCIDENTAL TO THE**  
17 **PERFORMANCE OF ITS DUTIES AND THE EXERCISE OF ITS POWERS UNDER THIS**  
18 **SUBTITLE.**

19 7–101.

20           (m) “Transit–oriented development” means a mix of private or public parking  
21 facilities, commercial and residential structures, and uses, improvements, and  
22 facilities customarily appurtenant to such facilities and uses, that:

23           (1) Is part of a deliberate development plan or strategy involving:

24                   (i) Property that is adjacent to the passenger boarding and  
25 alighting location of a planned or existing transit station; or

26                   (ii) Property, any part of which is located within one–half mile  
27 of the passenger boarding and alighting location of a planned or existing transit  
28 station;

29           (2) Is planned to maximize the use of transit, walking, and bicycling  
30 by residents and employees; and

31           (3) Is designated as a transit–oriented development by:

1 (i) The Secretary [in consultation with the secretaries of  
 2 Business and Economic Development, General Services, Housing and Community  
 3 Development, the Environment, and Planning], **AFTER CONSIDERING A**  
 4 **RECOMMENDATION OF THE SMART GROWTH SUBCABINET ESTABLISHED**  
 5 **UNDER § 9–1406 OF THE STATE GOVERNMENT ARTICLE**; and

6 (ii) The local government or multicounty agency with land use  
 7 and planning responsibility for the relevant area.

### 8 **Article – Insurance**

9 6–105.2.

10 A person subject to the tax imposed under this subtitle may claim a credit  
 11 against the tax for a certified rehabilitation as provided under [§ 5A–303] **TITLE 5,**  
 12 **SUBTITLE 9** of the State Finance and Procurement Article.

### 13 **Article – Tax – General**

14 10–704.5.

15 (a) An individual or corporation may claim a credit against the State income  
 16 tax for a certified rehabilitation as provided under [§ 5A–303] **TITLE 5, SUBTITLE 9**  
 17 of the State Finance and Procurement Article.

18 (b) An individual or corporation that is not otherwise required to file an  
 19 income tax return, including a corporation exempt from income tax under § 501(c)(3) of  
 20 the Internal Revenue Code:

21 (1) may file a return to claim a refund of the credit under this section;  
 22 and

23 (2) shall file a return if the individual or corporation is subject to the  
 24 recapture of the credit under this section as provided under [§ 5A–303] **TITLE 5,**  
 25 **SUBTITLE 9** of the State Finance and Procurement Article.

26 **SECTION 2. AND BE IT FURTHER ENACTED,** That Section(s) 5A–303 of the  
 27 Article – State Finance and Procurement of the Annotated Code of Maryland be  
 28 repealed and reenacted, with amendments, and transferred to the Session Laws, to  
 29 read as follows:

30 **[5A–303.] 1.**

31 (a) (1) In this section the following words have the meanings indicated.

32 (2) “Business entity” means:

1 (i) a person conducting or operating a trade or business in the  
2 State; or

3 (ii) an organization operating in Maryland that is exempt from  
4 taxation under § 501(c)(3) of the Internal Revenue Code.

5 (3) “Certified heritage area” has the meaning stated in § 13–1101 of  
6 the Financial Institutions Article.

7 (4) (i) “Certified heritage structure” means a structure that is  
8 located in the State and is:

9 1. listed in the National Register of Historic Places;

10 2. designated as a historic property under local law and  
11 determined by the Director to be eligible for listing on the National Register of Historic  
12 Places;

13 3. A. located in a historic district listed on the  
14 National Register of Historic Places or in a local historic district that the Director  
15 determines is eligible for listing on the National Register of Historic Places; and

16 B. certified by the Director as contributing to the  
17 significance of the district; or

18 4. located in a certified heritage area and certified by the  
19 Maryland Heritage Areas Authority as contributing to the significance of the certified  
20 heritage area.

21 (ii) “Certified heritage structure” does not include a structure  
22 that is owned by the State, a political subdivision of the State, or the federal  
23 government.

24 (5) “Certified rehabilitation” means a completed rehabilitation of a  
25 certified heritage structure that the Director certifies is a substantial rehabilitation in  
26 conformance with the rehabilitation standards of the United States Secretary of the  
27 Interior.

28 (6) “Commercial rehabilitation” means a rehabilitation of a structure  
29 other than a single–family, owner–occupied residence.

30 (7) “Director” means the Director of the Maryland Historical Trust.

31 (8) “Local historic district” means a district that the governing body of  
32 a county or municipal corporation, or the Mayor and City Council of Baltimore, has  
33 designated under local law as historic.

34 (9) “National register structure” means a structure that is:



- 1 (i) listed on the National Register of Historic Places; or
- 2 (ii) located in a historic district listed on the National Register  
3 of Historic Places and certified by the Director as contributing to the significance of  
4 the district.
- 5 (10) “Qualified rehabilitation expenditure” means any amount that:
- 6 (i) is properly chargeable to a capital account;
- 7 (ii) is expended in the rehabilitation of a structure that by the  
8 end of the calendar year in which the certified rehabilitation is completed is a certified  
9 heritage structure;
- 10 (iii) is expended in compliance with a plan of proposed  
11 rehabilitation that has been approved by the Director; and
- 12 (iv) is not funded, financed, or otherwise reimbursed by any:
- 13 1. State or local grant;
- 14 2. grant made from the proceeds of tax-exempt bonds  
15 issued by the State, a political subdivision of the State, or an instrumentality of the  
16 State or of a political subdivision of the State;
- 17 3. State tax credit other than the tax credit under this  
18 section; or
- 19 4. other financial assistance from the State or a political  
20 subdivision of the State, other than a loan that must be repaid at an interest rate that  
21 is greater than the interest rate on general obligation bonds issued by the State at the  
22 most recent bond sale prior to the time the loan is made.
- 23 (11) “Substantial rehabilitation” means rehabilitation of a structure for  
24 which the qualified rehabilitation expenditures, during the 24-month period selected  
25 by the individual or business entity ending with or within the taxable year, exceed:
- 26 (i) for owner-occupied residential property, \$5,000; or
- 27 (ii) for all other property, the greater of:
- 28 1. the adjusted basis of the structure; or
- 29 2. \$5,000.
- 30 (b) (1) The Director shall adopt regulations to:

1 (i) establish procedures and standards for certifying heritage  
2 structures and rehabilitations under this section;

3 (ii) for commercial rehabilitations, establish an application  
4 process for the award of initial credit certificates for Maryland heritage structure  
5 rehabilitation tax credits consistent with the requirements of this subsection;

6 (iii) for commercial rehabilitations, establish criteria, consistent  
7 with the requirements of this subsection, for evaluating, comparing, and rating plans  
8 of proposed rehabilitation that have been determined by the Director to conform with  
9 the rehabilitation standards of the United States Secretary of the Interior; and

10 (iv) for commercial rehabilitations, establish a competitive  
11 award process for the award of initial credit certificates for Maryland heritage  
12 structure rehabilitation tax credits that:

13 1. favors the award of tax credits for rehabilitation  
14 projects located in jurisdictions that have been historically underrepresented in the  
15 award of tax credits for commercial rehabilitations, based on the number of national  
16 register structures in each jurisdiction;

17 2. favors the award of tax credits for rehabilitation  
18 projects that are consistent with and promote current growth and development policies  
19 and programs of the State; and

20 3. A. favors the award of tax credits for structures  
21 that are listed in the National Register of Historic Places or are designated as historic  
22 properties under local law and determined by the Director to be eligible for listing in  
23 the National Register of Historic Places; or

24 B. favors the award of tax credits for structures that are  
25 contributing buildings with historic significance and are located in historic districts  
26 listed in the National Register of Historic Places.

27 (2) The Director may not certify that a rehabilitation is a certified  
28 rehabilitation eligible for a tax credit provided under this section unless the individual  
29 or business entity seeking certification states under oath the amount of the  
30 individual's or business entity's qualified rehabilitation expenditures.

31 (3) Each year, the Director may accept applications for approval of  
32 plans of proposed commercial rehabilitations and for the award of initial credit  
33 certificates for the fiscal year that begins July 1 of that year.

34 (4) For commercial rehabilitations, the Director may not accept an  
35 application for approval of plans of proposed rehabilitation if:

36 (i) any substantial part of the proposed rehabilitation work has  
37 begun; or

1                   (ii) the applicant for a commercial rehabilitation has previously  
2 submitted three or more applications for commercial rehabilitations with total  
3 proposed rehabilitations exceeding \$500,000 in that year.

4                   (5) Except as provided in subsection (d)(3)(iii) of this section, not more  
5 than 75% of the total credit amounts under initial credit certificates issued for any  
6 fiscal year may be issued for projects in a single county or Baltimore City.

7                   (6) (i) The Director shall adopt regulations to charge a reasonable  
8 fee to certify heritage structures and rehabilitations under this section.

9                   (ii) The Director shall set the level of the fee so that the  
10 projected proceeds from the fee will cover the costs to the Trust of administering the  
11 credit under this section and the federal historic tax credit.

12                   (iii) The fee charged may not exceed 1% of the amount of the  
13 initial credit certificate issued for a commercial rehabilitation project or the amount of  
14 the credit for which a single-family, owner-occupied rehabilitation would be eligible  
15 based on the greater of the estimated or final qualified rehabilitation expenditures for  
16 the rehabilitation.

17                   (iv) The proceeds from the fee shall be deposited in a special  
18 fund, to be used only for the purposes of paying the costs of administering the credit  
19 under this section and the federal historic tax credit.

20                   (v) Any unused balance of the fund at the end of each fiscal year  
21 shall be transferred to the Reserve Fund established under subsection (d) of this  
22 section and shall increase the amount of the initial credit certificates that the Trust  
23 may issue for the following fiscal year.

24                   (c) (1) Except as otherwise provided in this section, for the taxable year in  
25 which a certified rehabilitation is completed, an individual or business entity may  
26 claim a tax credit in an amount equal to 20% of the individual's or business entity's  
27 qualified rehabilitation expenditures for the rehabilitation.

28                   (2) (i) For any commercial rehabilitation, the State tax credit  
29 allowed under this section may not exceed the lesser of:

30                                   1. \$3,000,000; or  
31                                   2. the maximum amount specified under the initial  
32 credit certificate issued for the rehabilitation.

33                   (ii) For a rehabilitation other than a commercial rehabilitation,  
34 the State tax credit allowed under this section may not exceed \$50,000.

1 (iii) For the purposes of the limitation under subparagraph (i) of  
2 this paragraph, the following shall be treated as a single commercial rehabilitation:

3 1. the phased rehabilitation of the same structure or  
4 property;

5 2. the separate rehabilitation of different components of  
6 the same structure or property; or

7 3. the rehabilitation of multiple structures that are  
8 functionally related to serve an overall purpose.

9 (3) (i) Subject to subparagraph (ii) of this paragraph, the initial  
10 credit certificate for a proposed commercial rehabilitation shall expire and the credit  
11 under this section may not be claimed if the commercial rehabilitation is not  
12 completed within 30 months after the initial credit certificate was issued.

13 (ii) For reasonable cause, the Director may postpone the  
14 expiration date for an initial credit certificate for a commercial rehabilitation.

15 (4) If the tax credit allowed under this section in any taxable year  
16 exceeds the total tax otherwise payable by the business entity or the individual for  
17 that taxable year, the individual or business entity may claim a refund in the amount  
18 of the excess.

19 (d) (1) In this subsection, "Reserve Fund" means the Heritage Structure  
20 Rehabilitation Tax Credit Reserve Fund established under paragraph (2) of this  
21 subsection.

22 (2) (i) There is a Heritage Structure Rehabilitation Tax Credit  
23 Reserve Fund that is a continuing, nonlapsing special fund that is not subject to §  
24 7-302 of [this article] **THE STATE FINANCE AND PROCUREMENT ARTICLE**.

25 (ii) The money in the Fund shall be invested and reinvested by  
26 the Treasurer, and interest and earnings shall be credited to the General Fund.

27 (3) (i) Subject to the provisions of this subsection, the Director  
28 shall issue an initial credit certificate for each commercial rehabilitation for which a  
29 plan of proposed rehabilitation is approved.

30 (ii) An initial credit certificate issued under this subsection  
31 shall state the maximum amount of credit under this section for which the commercial  
32 rehabilitation may qualify.

33 (iii) 1. Except as otherwise provided in this subparagraph  
34 and in subsection (b)(6)(v) of this section, for any fiscal year, the Director may not  
35 issue initial credit certificates for credit amounts in the aggregate totaling more than

1 the amount appropriated to the Reserve Fund for that fiscal year in the State budget  
2 as approved by the General Assembly.

3           2. If the aggregate credit amounts under initial credit  
4 certificates issued in a fiscal year total less than the amount appropriated to the  
5 Reserve Fund for that fiscal year as a result of the limitation under subsection (b)(5) of  
6 this section, any excess amount may be issued under initial credit certificates for  
7 projects in a county or Baltimore City in the same fiscal year, without regard to the  
8 limitation under subsection (b)(5) of this section.

9           3. Subject to subparagraph 2 of this subparagraph, if  
10 the aggregate credit amounts under initial credit certificates issued in a fiscal year  
11 total less than the amount appropriated to the Reserve Fund for that fiscal year, any  
12 excess amount shall remain in the Reserve Fund and may be issued under initial  
13 credit certificates for the next fiscal year.

14           4. For any fiscal year, if funds are transferred from the  
15 Reserve Fund under the authority of any provision of law other than paragraph (4) of  
16 this subsection, the maximum credit amounts in the aggregate for which the Director  
17 may issue initial credit certificates shall be reduced by the amount transferred.

18           (iv) For each of fiscal years 2009 and 2010, the Governor shall  
19 include in the budget bill an appropriation to the Reserve Fund.

20           (v) Notwithstanding the provisions of § 7-213 of [this article]  
21 **THE STATE FINANCE AND PROCUREMENT ARTICLE**, the Governor may not reduce  
22 an appropriation to the Reserve Fund in the State budget as approved by the General  
23 Assembly.

24           (vi) The Director may not issue an initial credit certificate for  
25 any fiscal year after fiscal year 2010.

26           (4) (i) Except as provided in this paragraph, money appropriated to  
27 the Reserve Fund shall remain in the Fund.

28           (ii) 1. Within 15 days after the end of each calendar quarter,  
29 the Trust shall notify the Comptroller as to each commercial rehabilitation completed  
30 and certified during the quarter:

31                   A. the maximum credit amount stated in the initial  
32 credit certificate for the project; and

33                   B. the final certified credit amount for the project.

34           2. On notification that a project has been certified, the  
35 Comptroller shall transfer an amount equal to the maximum credit amount stated in  
36 the initial credit certificate for the project from the Reserve Fund to the General Fund.

1 (iii) 1. On or before October 1 of each year, the Trust shall  
2 notify the Comptroller as to the maximum credit amount stated in the initial credit  
3 certificate for each commercial rehabilitation for which the initial credit certificate has  
4 expired under subsection (c)(3) of this section as of the end of the prior fiscal year.

5 2. On notification that the initial credit certificate for a  
6 project has expired under subsection (c)(3) of this section, the Comptroller shall  
7 transfer an amount equal to the maximum credit amount stated in the initial credit  
8 certificate for the project from the Reserve Fund to the General Fund.

9 (e) (1) In this subsection, “disqualifying work” means work that:

10 (i) is performed on a certified heritage structure for which a  
11 rehabilitation has been certified under this section; and

12 (ii) if performed as part of the rehabilitation certified under this  
13 section, would have made the rehabilitation ineligible for certification.

14 (2) The credit allowed under this section shall be recaptured as  
15 provided in paragraph (3) of this subsection if, during the taxable year in which a  
16 certified rehabilitation is completed or any of the 4 taxable years succeeding the  
17 taxable year in which the certified rehabilitation is completed, any disqualifying work  
18 is performed on the certified heritage structure for which the certified rehabilitation  
19 has been completed.

20 (3) (i) 1. If the disqualifying work is performed during the  
21 taxable year in which the certified rehabilitation was completed, 100% of the credit  
22 shall be recaptured.

23 2. If the disqualifying work is performed during the first  
24 full year succeeding the taxable year in which the certified rehabilitation was  
25 completed, 80% of the credit shall be recaptured.

26 3. If the disqualifying work is performed during the  
27 second full year succeeding the taxable year in which the certified rehabilitation was  
28 completed, 60% of the credit shall be recaptured.

29 4. If the disqualifying work is performed during the  
30 third full year succeeding the taxable year in which the certified rehabilitation was  
31 completed, 40% of the credit shall be recaptured.

32 5. If the disqualifying work is performed during the  
33 fourth full year succeeding the taxable year in which the certified rehabilitation was  
34 completed, 20% of the credit shall be recaptured.

35 (ii) The individual or business entity that claimed the tax credit  
36 shall pay the amount to be recaptured as determined under subparagraph (i) of this

1 paragraph as taxes payable to the State for the taxable year in which the disqualifying  
2 work is performed.

3 (f) (1) The Comptroller may determine, under the process for return  
4 examination and audit under §§ 13–301 and 13–302 of the Tax – General Article:

5 (i) the amount of rehabilitation expenditures used in  
6 calculating the credit;

7 (ii) whether such expenditures are qualified rehabilitation  
8 expenditures under this section; and

9 (iii) whether the credit is allowable as claimed.

10 (2) The authority of the Comptroller to examine and audit a tax return  
11 does not limit the authority of the Director to determine whether a rehabilitation  
12 qualifies as a certified rehabilitation or whether a certificate of certified rehabilitation  
13 has been properly issued.

14 (3) The Comptroller may adopt regulations to require that an entity  
15 other than a corporation claim the tax credit on the tax return filed by that entity.

16 (4) (i) Except as otherwise provided in this paragraph, the credit  
17 under this section may be claimed for the year a certified rehabilitation is completed,  
18 only if the Director has, by the time the return is filed, issued a certificate of  
19 completion for the certified rehabilitation.

20 (ii) A taxpayer claiming the credit may amend a return for the  
21 year the certified rehabilitation was completed to account for a certificate issued  
22 subsequent to the filing of the original return.

23 (iii) An amended return shall be filed within the period allowed  
24 under the Tax – General Article for filing refund claims.

25 (iv) The provisions of this paragraph do not extend the period in  
26 which a certified rehabilitation must be completed to be eligible for a tax credit under  
27 this section.

28 (v) An amended return may account for an amended  
29 certification issued by the Director for a certified rehabilitation.

30 (g) A refund payable under subsection (c) of this section:

31 (1) operates to reduce the income tax revenue from corporations if the  
32 person entitled to the refund is a corporation subject to the income tax under Title 10  
33 of the Tax – General Article;

1           (2) operates to reduce insurance premium tax revenues if the person  
2 entitled to the refund is subject to taxation under Title 6 of the Insurance Article; and

3           (3) operates to reduce the income tax revenue from individuals if the  
4 person entitled to the refund is:

5                   (i) an individual subject to the income tax under Title 10 of the  
6 Tax – General Article; or

7                   (ii) an organization exempt from taxation under § 501(c)(3) of  
8 the Internal Revenue Code.

9           (h) (1) On or before December 15 of each fiscal year, the Director shall  
10 report to the Governor and, subject to § 2–1246 of the State Government Article, to the  
11 General Assembly, on:

12                   (i) the initial credit certificates awarded for commercial  
13 rehabilitations under this section for that fiscal year; and

14                   (ii) the tax credits awarded for certified rehabilitations  
15 completed in the preceding fiscal year.

16           (2) The report required under paragraph (1) of this subsection shall  
17 include for each initial credit certificate awarded for the fiscal year for a commercial  
18 rehabilitation:

19                   (i) the name of the owner or developer of the commercial  
20 rehabilitation;

21                   (ii) the name and address of the proposed or certified  
22 rehabilitation and the county where the project is located;

23                   (iii) the dates of receipt and approval by the Director of all  
24 applications regarding the project, including applications:

25                           1. for certification that a structure or property will  
26 qualify as a certified heritage structure; and

27                           2. for approval of the proposed rehabilitation; and

28                   (iv) the maximum amount of the credit stated in the initial  
29 credit certificate for the project and the estimated rehabilitation expenditures stated  
30 in the application for approval of the plan of proposed rehabilitation.

31           (3) The report required under paragraph (1) of this subsection shall  
32 include for each certified commercial rehabilitation completed during the preceding  
33 fiscal year:



1 (i) the name of the owner or developer of the commercial  
2 rehabilitation;

3 (ii) the name and address of the certified rehabilitation and the  
4 county where the project is located;

5 (iii) the dates of receipt and approval by the Director of all  
6 applications regarding the project; and

7 (iv) 1. the maximum amount of the credit stated in the  
8 initial credit certificate for the project and the estimated rehabilitation expenditures  
9 stated in the application for approval of the plan of proposed rehabilitation; and

10 2. the actual qualified rehabilitation expenditures and  
11 the final amount of the credit for which the project qualified.

12 (4) The report required under paragraph (1) of this subsection shall  
13 summarize for each category of certified rehabilitations:

14 (i) the total number of applicants for:

15 1. certification that a structure or property will qualify  
16 as a certified heritage structure;

17 2. approval of plans of proposed rehabilitations; or

18 3. certification of the completed rehabilitations;

19 (ii) the number of proposed projects for which plans of proposed  
20 rehabilitation were approved; and

21 (iii) the total estimated rehabilitation expenditures stated in  
22 approved applications for approval of plans of proposed rehabilitation and the total  
23 qualified rehabilitation expenditures for completed rehabilitations certified.

24 (5) The information required under paragraph (4) of this subsection  
25 shall be provided in the aggregate and separately for each of the following categories of  
26 certified rehabilitations:

27 (i) owner-occupied single family residential structures; and

28 (ii) commercial rehabilitations.

29 (i) (1) Subject to the provisions of this subsection, the provisions of this  
30 section and the tax credit authorized under this section shall terminate as of July 1,  
31 2010.

32 (2) On and after July 1, 2010:

1 (i) the tax credit authorized under this section may be claimed  
2 for:

3 1. a rehabilitation project, other than a commercial  
4 rehabilitation, for which an application for approval of a plan of proposed  
5 rehabilitation was received by the Director on or before June 30, 2010; or

6 2. a commercial rehabilitation for which an initial credit  
7 certificate has been awarded under subsection (d) of this section; and

8 (ii) the Director shall continue to report to the Governor and the  
9 General Assembly as required under subsection (h) of this section for as long as any  
10 rehabilitation project for which the tax credit may be claimed remains incomplete.

11 **(J) THE STATE CREDIT ALLOWED UNDER THIS SECTION MAY BE**  
12 **ALLOCATED AMONG THE PARTNERS, MEMBERS, OR SHAREHOLDERS OF AN**  
13 **ENTITY IN ANY MANNER AGREED TO BY THOSE PERSONS IN WRITING.**

14 SECTION 3. AND BE IT FURTHER ENACTED, That:

15 (a) Title 5, Subtitle 9 of the State Finance and Procurement Article, as  
16 enacted by Section 1 of this Act, shall be applicable to:

17 (1) Any project for rehabilitation of a single-family, owner-occupied  
18 residence for which an application for approval of a plan of proposed rehabilitation is  
19 received by the Director of the Maryland Historical Trust on or after July 1, 2010; and

20 (2) Any commercial rehabilitation project for which an application of a  
21 plan of proposed rehabilitation is approved by the Director of the Maryland Historical  
22 Trust on or after July 1, 2010.

23 (b) Former § 5A-303 of the State Finance and Procurement Article, as  
24 amended and transferred to the Session Laws by Section 2 of this Act, shall continue  
25 to be applicable to:

26 (1) Any project for rehabilitation of a single-family, owner-occupied  
27 residence for which an application for approval of a plan of proposed rehabilitation is  
28 received by the Director of the Maryland Historical Trust on or before June 30, 2010;  
29 and

30 (2) Any commercial rehabilitation project for which an application of  
31 a plan of proposed rehabilitation is approved by the Director of the Maryland  
32 Historical Trust on or before June 30, 2010.

33 SECTION 4. AND BE IT FURTHER ENACTED, That any unencumbered funds  
34 in the Heritage Structure Rehabilitation Tax Credit Reserve Fund established under

1 former § 5A-303 of the State Finance and Procurement Article, as amended and  
2 transferred to the Session Laws by Section 2 of this Act, shall revert to the General  
3 Fund on June 30, 2014.

4 SECTION 5. AND BE IT FURTHER ENACTED, That subsection (j) of Section 2  
5 of this Act shall be construed to apply retroactively and shall be applied to and  
6 interpreted to affect any commercial rehabilitation project for which an application of  
7 a plan of proposed rehabilitation is approved by the Director of the Maryland  
8 Historical Trust on or after January 1, 2005.

9 SECTION 6. AND BE IT FURTHER ENACTED, That any community legacy  
10 area and community legacy plan approved by the Community Legacy Board prior to  
11 the effective date of this Act shall be considered a sustainable community and a  
12 sustainable plan for 18 months after the effective date of this Act.

13 SECTION 7. AND BE IT FURTHER ENACTED, That within 18 months after  
14 the effective date of this Act, a sponsor shall submit an updated application and plan  
15 to the Secretary to redesignate any community legacy area and community legacy plan  
16 to a sustainable community and sustainable community plan in accordance with §  
17 6-205 of the Housing and Community Development Article for projects to be eligible  
18 for financial assistance under §§ 6-205 and 6-207 of the Housing and Community  
19 Development Article, as enacted by Section 1 of this Act.

20 SECTION 8. AND BE IT FURTHER ENACTED, That any designated  
21 neighborhood approved by the Secretary of Housing and Community Development  
22 prior to the effective date of this Act shall be considered a sustainable community for  
23 18 months after the effective date of this Act.

24 SECTION 9. AND BE IT FURTHER ENACTED, That within 18 months after  
25 the effective date of this Act, a sponsor shall file an application to redesignate any  
26 approved designated neighborhood as a sustainable community under §§ 6-205 and  
27 6-206 of the Housing and Community Development Article for projects to be eligible  
28 for financial assistance under § 6-306(b) of the Housing and Community Development  
29 Article, as enacted by Section 1 of this Act.

30 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take  
31 effect October 1, 2010.